US Real GNP

Percentage changes quarter on

Dollar falls

after poor

growth and

trade news

By Anthony Harris in

Washington and Janet **Bush** in New York

THE DOLLAR tumbled

yesterday in response to sharply lower US economic growth in the third quarter and evidence that the trade

deficit had widened in real

terms.
Preliminary figures from the Department of Commerce showed that real US Gross

National Product, calculated at

ling be and will

to oup

ışh

World News

low, security

local election

incidents of arson and stonings but no fatalities or major

cleahes as South Africans voted, amid unprecedented security, in racially segregated municipal elections. Turnout was low in black areas, where

anti-spartheld groups had called for a boycott. Picture, Page 24; report, Page 4

Irish homosexuality

Ireland may be forced to scrap laws banning homosexuality after the European Court of

Human Rights in Strasbourg ruled its present law a breach

Yugoslavia in crisis

The Government of Yugo-slavia's southern republic of Montenegro resigned after a confidence vote in the local

assembly in Titograd. New upheavals were also reported in Serbia, Vojvodina, Kosovo, and Bosnia. Page 2

Italian bomb charge

A right wing former member of the Italian Parliament was

of human rights. Page 2

tight for SA

Police reported scattered

Black turnout Michelin to

No.30,678

Thursday October 27 1988

FINANCIALTIMES

THE SOVIET UNION has promised to free by the end of the year all detainees regarded by the West as political prisoners, Mr Belmut Kohl, the West German Chancellor said here

yesterisy.
Mr Gennady Gerasimov, the
Soviet Foreign Ministry
spokesman, declined to con-

firm that such a promise had been made. Western diplomats said that Western diplomats said that if confirmed, the Soviet under-taking marked a welcome breakthrough, likely to hasten agreement at the East-West security talks in Vienna and bring closer the first compre-handve set of negotiations on conventional arms in Europe. However British officials, whose stance on human rights is among the toughest among Western countries, made it clear that they would look for further concessions from

. The apparent Soviet pledge was announced by Mr Kohl following three days of Soviet-German talks, hatled by both sides as deepening co-operation and dialogue. Moscow has hith-exto firmly rejected the broader Western definition of political prisoners and insisted that they number only a few dosen, compared with Western tallies

of up to 300. Mr Gersslmov said that political prisoners were not a Soviet-West German issue, and the question was being handled at the Vienna talks, taking place under the aegis of the Conference on Security and Cooperation in Europe (CSCE).

By Stefan Wagetyl in Tokyo

A New system of measuring the economic performance of industrialised nations is expected to be proposed by Japan in a move highlighting its growing willingliss in table a least in international economic poli-

cymaking.
The Japanese plan is likely

rently the last major obstacle to agreement at the current round of CSCE talks, which rights meeting in Moscow, and agree to wrap up the CSCE round, emigration from the Soviet Union had to be liberalhave to be completed successfully before the proposed Conventional Stability Talks (CST), grouping the 16 members of Nato and the 7 nations ised, religious freedom had to be guaranteed and jamming of radio broadcasts had to cease. "The whole system in the of the Warsaw Pact, can begin.

At the centre of the CSCE deadlock is Moscow's wish to play host to a human rights conference, a proposal which Soviet Union has to change," one British official said last

Japan seeks strict OECD monitor

Rupert Scholz, first West German Defence Minister to visit the Soviet Union since the Second World War, watches troop manocuvres surrounded by Soviet generals at Alabino near Moscow yesterday. Mr Scholz had on Tuesday appealed to an audience of Red Army tank officers for cuts in the Warsaw Pact's massive superiority in arms in central Europe

night, referring to London's doubts about legal procedures under the Soviet regime. Mrs Margaret Thatcher, the UK Prime Minister, made clear Paris, Bonn and Rome now accept in principle while other Western countries, notably during her recent visit to Italy that Western countries would be letting down all those who, Britain, have strong reserva for years, had campaigned for borne out in practice, the new Soviet position would help the human rights in the Soviet Union and Eastern Europe, if Vienna talks. But before LonGerman governments agreed here on the need for a quick start on conventional arms talks. Mr Kohl, worried about the massive numerical superi-ority of Warsaw Pact troops and tanks, called for talks to get under way before the end of the year. Differences between Bonn and Moscow on parities in Europe however in spite of Mr Gorbachev's rebuil to Mr Kohl on Monday

uman rights. Both the Soviet and West

over Bonn's efforts to upgrade the status of Berlin in East-West agreements, the talks sealed a range of agreements in the economic, cultural, environment, nuclear and security fields. Going beyond mere dec-larations of support for Soviet restructuring. West German government and industry has now signalled its intention of becoming firmly involved in Mr Gorbachev's perestroika

Mr Kohl said he was "ontimistic" about intensifying collaboration, while Mr Gerasimov spoke of a "new stage" in ties. Top industrialists in Mr Kohl's entourage stressed their confidence in turning round the Soviet economy, but said it would be a very long haul.

Mr Alfred Herrhausen, chair-

man of the Deutsche Bank, here for the signing of a DM3bn (\$1.68bn) credit to help modernise Soviet industry, said perestroika was now irre versible.

weight of high-technology

industry in the whole econ-

The Group of Seven leading Western industriziised countries already have developed a

system of using economic per-formance indicators to try to

ensure that individual nations

economic policies are consist-ent with steady world growth

and reducing the imbalances

between the US current

nese and West German sur-

These indicators cover

account deficit and the Japa-

European package deal for Carnaud and MB without fundamental commitments by the Soviet Union on

D 8523 A

By Maggle Urry in London and George Grahem

NEW pan-European A NEW pan-European packaging group with £2bn (\$3.5bn) of sales is to be formed by the merger of Carnaud, the market leader in metal packaging in France and Spain, and Metalbox Packaging, a leading UK packaging company. company.

The company will be called CMB Packaging and will have its shares listed on the Paris and London stock exchanges. It will be the third largest packaging group in the world and the biggest in Europe. Mr Brian Smith, chairman

American and Japanese.

would better serve multina-tional customers which were increasingly wanting cross-border suppliers, particularly in the run-up to the single European market in 1992. The merger is part of a trend of companies building Europe-wide businesses.

Mr Smith said the merger was being done from strength as both companies had reor-ganised their operations in the 1980s. He said it was not a defensive move as a result of bid speculation about MB.

Carnaud had been a 40 per cent shareholder in Metal Box ent was unscrambled

both groups had had ambi-tions to become pan-European and this merger was being made in "a window of opportu-nity" before the two groups a too i European markets. Even so he said he did not expect any difficulties on competition

growth, domestic demand inflation, trade and current account balances, budgetary conditions, private investment Continued on Page 24 Lex, Page 24; Analysis, Page

of MB Group which owns
Metalbox Packaging, said:
"You cannot talk about a
united Europe unless you
allow the formation of European companies to take on the He said CMB Packaging

Europe, MB's original European operation, but that in 1986. At that time a merger would not have been right, Mr Smith said.

However, when the parting occured Mr Jean-Marie Descar-pentries, president-directeur-general of Carnaud, said to Mr Smith: "Some day you will be back." His prophecy was ful-filled five weeks ago when Mr Smith visited Paris to start

Metalbox's strengths are in the UK, Italy and Greece, although an acquisition was

1982 prices, grew by just 2.2 per cent in the third quarter, a full percentage point below market expectations. The real US trade deficit, as measured in the GNP report, widened to an annualised rate of \$95bn in the third quarter from \$93bn in the

second quarter.
The trade figures were read by some market analysts as suggesting another set of weak trade figures in September, fol-lowing the \$12.2bn deficit reported last week for August. The Commerce Department stressed, however, that the pre-

stressed, however, that the pre-liminary figures are based on incomplete data. Similar fig-ures for past quarters have been heavily revised. Currency dealers saw the fig-ures as ruling out in US interest rates rises. At midsession, the dollar was quoted in New York at its day's lows of Y125.67 compared with an ear-lier high of Y127.00 and at DM1.7733 from DM1.7920 before

the figures were announced.

The decline in the dollar contributed to a small fall in the equity market which was quoted 7.11 points lower at midsession at 2,166.25.

confused. Bond prices initially registered gains of as much as % of a point in reaction to lower than expected overall growth, but prices lost some of Continued on Page 24 Greenspan warning, Page 7; Dukakis fails to dent Bush lead, Page 24; Bonds, Pages 30 & 31; Currencies, Page 40; World stocks, Section II

Kohl says Moscow pledges to free 'political prisoners'

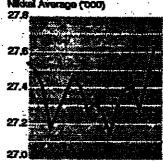
back Epeda against Valeo takeover bid MICHELIN, French tyre group.

Business Summary

announced willingness "to be associated with an alternative solution" for Epeda-Bertrand Paure, car seat manufacture which is attempting to fight off hostile takeover bid from Valeo, leading French car com-ponents group. Page 25

TOKYO: Interest returned strongly to Tokyo stock exchange and share prices rose steeply on vary high turnover.

Tokyo Nikkai Average (1000)



October 1988

Nikket average surged 199.11 to 27,620.60, on volume of 2.01bu shares compared with 1.23bu on Toesday. Page 48

FORD Motor, US car and truck manufacturer, amounced record third quarter profits on worldwide operations of \$856m or \$1.78 a share, despite substantial decline in US sarnings. Worldwide sales rose 18 per cent over 1967 to \$17.7bm 12 per cent to 1.862m units.

ROSS Johnson, chairman of RJR Nabisco, US tobacco and foods conglomerate which has been targeted by two separate investor groups for largest takeover hid in history, said he was treaking off negotiations with Koulberg Kravis Roberts, Wall Street leveraged buy out firm which has offered to buy RJR for \$50.50s or \$50 a share. Page 35

reached only modest 4 per cent premium when trading started in London and New York. Flotation of company, which oper-ates Vodatone cellular commu-nications network, was one of most ambitious yet on Lon-don stock market. Page 25; Lex. Page 24

RUROPEAN Commission merc BUROPEAN Commission unex-pectedly deferred for a week adoption of long-swatted paper setting out policies for EC car industry and Japanese imports in run-up to 1992 single inter-nal market. Page 8; Delors answers Thatcher, Page 24

DU PONT, world's largest chemicals company, reported third quarter earnings just 2 per cent up on last year, at \$461m, because poor performance in oil production can-celled gains from relining, cos polymers, and agricultural and industrial chemicals. Page 26

INTERNATIONAL Coffee Organisation export quotas remained unchanged after 15day indicator price stayed below threshold set for increase. Analysis still expect lm bag rise before year-end.

PERMENTA, Swedish antibiotics and chemicals group, announced plans to break into financial services with SKrl.5hn (\$242m) hid for Inde-pendent Finans, Sweden's larg-est listed finance company.

TENNECO, Houston-based con-glomerate which expects to reap \$7.5km from selling global oil business, began to deploy proceeds with \$1bn share repurchase programme covering just over 12 per cent of stock outstanding. Page 28

to be put to the Organisation of Economic Co-operation and Trade and Industry, in a speech in May, called on the OECD for more effective tools Development, the Paris-based pose was to establish a basis nternational body within the easure economic perfornext two months, it calls on the OECD to tighten its surmance of key aspects of the ace of the economies of industrialised nations by watching a new basket of eight

well as successes. Mr Hajime Tamura, Japans

Minister for International

Japanese officials hope its proposals would draw atten-tion to the efforts of individual

mance. His ministry has now suggested a series of yardsticks which are to be discussed with other ministries in Tokyo. MITI's eight measures are: the ratio of high-technology and service industries' output in the economy; the savings ratio; lebour and capital productivity; the extent of over-

in flows of tride and control seas investment and of interna-between leading industrial structure in countries. The system could industrial structure and in have a widepread political labour mobility, research and impact because it would high-development spending, corpo-light the failures of policy as true carnings and countries. tions from newly-developed businesses, and industry-by-industry ratios of oversess pro-MIT officials said the pur-

Private economists in Tokyo pointed out that several measures would put Japan in a particularly good light in com-parison with the US and European countries, especially productivity, research and development spending and the

EC anti-dumping duties may apply to 'US-made' copiers

countries to reduce imbalances

AN INFLUENTIAL European Community customs advisory body is considering whether to refuse acceptance of US certificates of origin granted to Cali-famian-made Ricoh photocopi-ers, thereby risking a row with Washington and Tokyo.

The EC rules of origin com-mittee has been divided for several months over a European Commission query whether photocopiers made by Ricoh's US subsidiary should be treated in the same way as their dumped Japanese equivalents, rather than being admit-ted to the Community as

If the group of national and Commission officials decides the US-made photocopiers are Japanese, Ricoh could face EC anti-dumping duties on its US-anti-dumping duties on its US-made products. Although the committee is a long way from making a decision, this is believed to be the closest the EC has come to questioning US certificates of origin.

The committee is trying to reach agreement at an all-wee meeting in Brussels, where the Dutch, German and British-Governments are understood to be pressing for the case to

Japanese and US diplomats are watching with growing concern, not least because the ontcome could affect Honda's plans to export US-assembled cars to the Community. The committee, which does not make its discussions pub-

lic, has the power to recom-mend to national customs authorities how to apply rules of origin and import duties. Ricoh's plant in Irvine, California, came to the Commisston's attention early last year-after Brussels imposed anti-dumping duties of 20 per cent on the company's direct exports from Japan to the EC. Soon after the duties were con-firmed, Ricoh's US subsidiaries doubled its output to 4,000-copiers per month, many of which

were shipped to the EC. Commission investigators feared that Ricoh might be trying to circumvent EC antidumping levies because the US copiers contained a high per-centage of parts exported from Japan. The companies' man-

mittee's decision will hinge. The Community has us the US. Bruseels delays action on 1992 car industry, Page 8

HARRODS HAS IMPROVED THE APPEARANCE OF ITS MAN'S SHOP. (IT'S OPEN FROM 6.30 PM UNTIL 9PM THES THURSDAY TO HELP YOU IMPROVE YOURS).



delighted to invite Financial Times readers to a Private View of the latest fashions and accessories in our refurbished Man's Shop on the Ground Floor, This Thursday October 27th, from 6.30 until 9pm you can view and buy Autumn Collections by many of the most eminent names in men's fashion, ably assisted by our experienced staff. Please come to Door 5 in Hans Crescent. Harrods, Knightsbridge, London SW1. Telephone 01-730 1234.

General index 360 340 Jul 1988 Oct

3-month interbanic close 121g % (same)

STERLING New York lunchs \$1.75025 (1.752) \$1.78 (1.7535) 51.76 (1.7035) DM3.1225 (3.14) FF:r10.6650 (10.7275) SF:r2.6475 (2.6625) Y221.25 (222.26) DOLLAR New York kmchtime DM1.77375 (1.78925)

STOCK MIDICES New York lenchtime Dow Jones Ind. Av. 2,166.25 (-7.11) S&P Comp 281.23 (-1.15) FT-SE 198 1,850.7 (+2.9) 132.36 (Tues) 27,520.6 (+199.11) Frankfurt Commerzbe

1,627.5 (+19.6) Brent 15-day (Argus) \$12.135 (+6¹/₂cts) \$13,305 (+7cts) (Dec)

Relative positions versus absolute values in Britain

poor have also got richer, but did the so big, asks. ' Samuel Brittan Page 22

World Guide

Constructions South Koreans gain a toehold US elections Negatives to the fore in the col-Free trade zonem Doubts multiply over Management an ideas machine counts the

Bulgaria: Survey Rice Materials Stock (Serkets --Wall Street International bonds = 38,31 Intl. Capital Markets 38,31 Unit Trusts

CONTENTS

There can be little argument that the gap tween Britain's rich and poor has increased during the Thatcher years. The

Letters ... Lex _

in Japan Japan-US proposals .

Technology: opening up channels of informa-

41-43

agement even made public its fears that the EC might decide a product's origin as the country where it underwent its last tion -and it is on the interpretation of this rule that the com-

that rule to take action in recent years against Japanese typewriters assembled in Taiwan and ball-bearings assembled in Thailand, but this is the first time the prob-lem has threatened to involve

Harrods and the International Wooi Secretariat are



Israel raids Lebenon Israeli forces made two sepa-rate raids on Palestinian targets in Lebanon, bringing to four the number of air strikes since Friday. At least 15 people were reported killed in the first raid, near Sidon. Page 4 Soviet budget storm The Soviet Government is expected today to reveal the extent of its severe budget defi-cit for the first time, at a far-reaching and potentially stormy Supreme Soviet debate on the state of the economy.

Terments as a comment of the comment ZURICE recei 2nd drop on to • The Zee rcuange is to be 10 16 the fat

ected continue 4. 自分権を BP and Need by 200ted bild be tile the Domin ed Amsteria; अपने अपने दिश्ले . २८वंद्रस्य विश्वेत ागा जाति हाता

charged with multiple homi-cide for alleged implyement in a 1964 train hombing in which is petible died. Eathery probe, Page 3 Sudan airlift starts The UN's World Food Programme began an emergency food airlift to the besieged where 50,000 people are on the brink of starvation. Soviet shuttle test

The Soviet anthorities ennounced take-off time for the first launch of the space shuttle Buran (snowstorm) as 3.23 ma CMT on Saturday. Ferry victims saved Up to 150 people were rescued but more than 300 were still missing from the Philippines ferry Dona Marilyn, sunk by typhoon Ruby. About 100 oth

people died in the storm early this week. Page 4 Colombia strike Colombian Interior Minister Cesar Gaviria ordered strict security measures in advance of tomorrow's one-day general strike. Nearly 50 people have died in unrest in the last two Bitter abortion pill

BBC's new sound The BBC World Service is to have a new, more contemporary sound from next week. The chimes of Rig Ben and Lilliburiero theme will stay, but other familiar signature tunes are to disappear under a major programme restructur-ing. Page 3 MARKETS

A French drug company said

it was withdrawing the world's

first abortion pill, approved last month for use in France and China, because of protests

by anti-abortion groups.

France Paris CAC

ENTEREST RATES SF1.50375 (1.51875) Federal Funds 8 3 % Y125.725 (126.775) (84₅). 3-min Treesury Bille: DM1.7740 (1.7906) FF6.06 (8.1175) yield: 7.835% (7.7). FFr8.06 (8.1175) Long Bond: 102.5 SFr1.5040 (1.5185) (10112) yield: 8.91% (8.93) GOLD New York Coreex Dec

Ethnic German refugees flee to an ambivalent fatherland

The Federal Republic takes in arrivals from as far as Soviet central Asia, reports David Marsh recently in Friedland

RIEDLAND is a small town in northern Germany supplying soup, solace and bunk beds for lost

A few miles to the west of the Federal Republic's border with East Germany, it has for 43 years been a staging post for nearly 3m displaced persons. crossing into what they hope is

a better life in the West. A new stream of ethnic German emigrants from the Soviet Union and eastern Europe is washing through the portals of the Friedland transit camp.

It was set up by the British occupying forces in September 1945, making use of stables cwned by the animal experi-mental station of Göttingen University. The cluster of modern, flower bed studded buildings is now Friedland's domi-

nant feature. Lately, the camp population has outgrown that of the 1,200strong town. This year's arrivwave from the mighty popula-tion upheavals in central Europe unleashed by the Secend World War.

Chancellor Helmut Kohl has launched a welcome campaigo for the ethnic Germans. He is deggedly appealing for West Germans to show the same spirit which enabled the postwar absorption of 14m Ger-

mans expelled from Commu- exist today. The police requi-

nist Europe.
The newcomers, who have a constitutional right to live in West Germany provided they can prove German ancestry, now face a more difficult time winning acceptance.

The second secon

Father Peter Görlich, the local priest, whose church overflows with emigres on Sundays, says drily: The problems (for the refugees) start after Friedland. For the newcomers, the search for a job and accommodation starts in earnest after the initial stay at a transit camp.

Father Gorlich himself crossed as a refugee into the West in 1946 after Germans were driven out of what is now Poland. Then, he says, there was a unity which does not

Marsh in Moscow.

Chancellor, yesterday in Moscow warned German emigrants on their way to the Federal Republic that they would need "patience" in adapting to their new homeland, writes David

Addressing a group of etimic Ger-

mans from various parts of the Soviet Union, Mr Kohl welcomed their pro-

spective emigration but dampened any

lliusions that their hopes for a fresh

start abroad would be "falfilled over-

night." After several months in which

sitioned rooms in homes for us. If they did that today, there

would be an outcry."

Although he is grateful for the donations from the public for refugee charities run from the camp, he says that donors are often simply trying to salve guilty consciences.

The latest influx forms a potential reservoir of relatively cheap and mobile labour which could strengthen the country's economic backbone in the 1990s and beyond.

This is one reason why. despite the initial pressure on resources, the refugee flow has been hailed by government economists, and has attracted suspicion or even hostility from many trade unionists. In August, the Bonn Govern-

MR HELMUT KOHL, the West German Mr Kohl has urged the West German

ment announced a DM 1.1bn (\$600m) housing programme for refugees: the Lander (state) authorities responsible for the refugees say this is too little.

As a result of looser Soviet policy towards minority groups, and of economic difficulties across eastern Europe, a total of 200,000 ethnic Germans are expected to cross into West Germany this year, the highest annual influx since

Roughly 60 per cent of them come to Friedland, the largest of four transit camps in the Federal Republic and West Berlin. The influx has brought Friedland near bursting point. Lately, it has been sleeping 1,300 people compared with its normal capacity of 800, with a

Kohl warns emigrants to be patient in adapting to their new homes abroad

population to give a warm reception to the rising stream of ethnic emigrés from Communist Europe, Mr Kohl gava a distinctly uneloquent performance when meeting a sample of them in the

Most of the group were preparing to fly out of Moscow after being given their exit visas by the Soviet authori-

ties. Mr Kohl gave the emigrés an

unexpectedly brusque welcome by say-

ing that he did not have much time to

talk because of a busy schedule.

West German embassy in Moscow.

shift accommodation in the area, including mass dornitories in sports balls and gymna-

A new 1,000 bed overflow camp was opened this month in a disused barracks in the northern town of Osnabrück to provide bester facilities for the

Some of the emigrés in Friedland are at the end of a tortoous road and air journey from Soviet central Asia. Others arrive on tourist visas from Poland in a cavalcade of battered Poiski Fiana

"We wanted to come to Germany. We want a homels says Mr Rudolf Schmidt, a German from the Soviet republic of Kazakhstan, with fierce pride. His wife, a gnarled

He said Germany had changed a lot from the land of their forebears. "You

are coming from another world," he said. The German authorities were

spending large sames of money on coping with the ethnic flood from the

Soviet Union and eastern Europe. Rubin S., a 73-year-old man from the Soviet province of Kasachstan, who

said he did not want his full name

printed because of worries about his children staying behind, thanked the Mr Kohl for Boun's belp in securing

their exit. He recounted the proveric

says in suitly lilting German that they are due to go to live with their eldest daughter in Wiesbeden.

Eight members of the family are still in the Soviet Union.

Will they let our children
out: she asks, thinking a visiling journalist might know

The newcomers, provided they can prove their German nationality, are greeted in the camp with regular meals, clothes from church charties and DM200 (\$112) each in "wel-

Four officials from the West German counter-intelligence agency, the Bundesamt für Verfassungsechutz (BfV) are also discreetly on hand to check for possible spy infiltra-

has duties too."

"We are old, but we want to reach our homeland," said Rubin, accompan-

ied by his 74-year-old wife Antenie, who explained that their son, daughter and grandchildren wanted to follow

them out. Mr Rohl told a TV interviewer later that Soviet approval for more ethnic Germans to emigrate did not solve their problems. He called for greater Soviet efforts to allow the German minority to forge a cultural Men-

The Soviet Germans, descendants of people brought in to colonise Russia going back to the time of Catherine the Gre 200 years ago, generally speak

good German. Most younger Polish arrivals claiming German nationality do not speak the language. This is plausible, considering the suppression of German teaching after the war, but does not say much for the strength of their German roots. Many ordinary Germans believe that thousands of Poles

are suddenly discovering they have a German grandiather simply to gain access to economic benefits in West Germanic benefits in West Germanic benefits in West Germanic benefits and the suddent ben Mr Karsten Plümer, who

helps his parents run the Friedland supermarket, says the refugees who crowd his shop gazing at the wares and buying goods like beer and toi-letries tend to drive away

"There is a lot of noise, but not much business, he says. He speaks highly of the Soviet emigres, classifying them as

Chancellor Kohl is said by Bonn officials to be considering coming to Friedland himself to welcome the immi-grants. If he does, the television pictures of the Chancellor wading into a refugee throng will not be unreserv edly popular.

checks compulsory

Government is to step up its road safety campaign by introducing compaisory, regu-lar technical checks on cars over a certain age. A study has suggested that 40 per cent of the cars on French roads are in urgent need of repair.

France to

make car

A decision of principle to introduce checks on cars after four, or perhaps five, years on the road is expected to be taken by a ministerial committee today.

tee today.

The move will bring France closer in line with the practice in many neighbouring states in Europe, such as Britain, West Germany and the Benelux countries, which have had compulsory car safety tests for many years.

many years.
Until now, a technical test
has only been compulsory in
France when a five-year-old car

reactify any defects found.

The standard of cars on Prench roads is believed to be well below that in other Community countries. This is said to have made France a market of last resort for second-hand cars which might not pass

muster across the border. muster across the border.

According to a survey by the French Association of Automobile Chihs, around 49 per cent of the cars on French roads softer from a defect in some vital safety component which ought to be repaired immediately. The introduction of regular mechanical checks is therefore likely to have major fore likely to have major implications both for the car repair industry and for the new car market

France has one of the worst road safety records in Europe, and the Transport Ministry has estimated that 30 per cent of the road accidents and 7 per cent of the road accidents and 7 per cent of the road deaths are caused by machinical defects.

In fact, there has been a description of the road in the Function of downward trend in the French accident figures during the past five years. In 1967, there were 9,855 road deaths (compared with 11,877 in 1963), and 237,000 injured (204,000 in 1983). However, the most recent fig-ures, for the year to August, show 19,664 deaths and 249,000 injured - 43 per cent and 24

per cout up on the previous 12 months. During the number boliday paried, the Government introduced a crackdown on spending, with read-side tribunals finesting driving licences.

Swedes protest over arms sale to India

A GROUP of Swedes occupied an indian cargo thip yesterday in protest against the vessel's controversial cargo of arms bound for the Indian army, Renter reports from Uddevalla. A police spokesman said they abandoned their action several

Montenegro government steps down

THE GOVERNMENT of Yngogiavia's southern republic of Montenegro resigned yester-day as fresh political chaos hit regions across the country. Reuter reports from Belgrada.

Taning news agency said the Montenegro government stopped down despite the fact that three quarters of its members won a confidence vote on Tuesday in the local assumbly

Titograd. Mr Veko Vakadinovic, the iontenegrin Prime Minister, said that because "a quarter of the members of the second the members of the govern-nest have not won confidence, the government count many out its function . . . The out-

were trying to persuade it to

Montenegro, along the Alba-nies border, is the smallest of view border, is the smallest of Yugoslavia's six republics with about 600,600 people, comprising Montenegrins, Serbs and Albanians. More than 110,000 Montenegrins live below the poverty line. Thousands of workers and

students took to the streets earlier in the month demand-ing the resignation of local and federal leaders for mismanaging the country.
The Yugoslav State Presi-

dency, the collective head of state, said it will hold a rare joint meeting tomorrow with the federal government on the

New noheavals were reported in Serbia, Vojvodina, Kosove, and Bosnia as Yogoslavia's worst political crisis since the war extended throughout the federation.

hours later.

The cargo is part of a \$1.6m order of field gons which the Swedish arms-maker Bofors won in 1986 from the New Delhi Government. Swedish critics, noting India's tense relations with Pakistan, claim the deal violates Sweden's strict arms export laws which ban sales of weapons to coun-tries in volatile areas.

Ruling may force Irish to alter homosexuality law

By Kieran Cooke in Dublin

GROUPS IN the Irish Republic campaigning for reform of laws which criminalise homosexual activity have won an important victory with a judgment by the European Court of Human Rights in Strasbourg.

The Court has ruled that existing Irish law is in breach of the European Convention on Human Rights and Fundamental Freedoms. The Irish Government said yesterday it was examining "this decision by a very important court." It is likely that the laws on homosexuality will now be repealed and new legislation introduced.

The European judgment fol-

The European judgment follows a case brought by Mr David Norris, lecturer at Trinity College, Dublin, and a member of the Senate, the upper house in the Irish Parliament. Mr Norris, a founder member of the Irish Gay Rights Movement, successfully argued that the Irish law was s violation of his right to pri-

vacy.
Mr Norris has waged an 11year battle through the courts. He had his case rejected by both the Irish High Court and Supreme Court which ruled that homosexuality was contrary to Christian teaching and gainst the constitution.

It's an historic decision, aid Mr Norris yesterday. "But attitudes in Ireland towards homosexuals cannot be expec-ted to change overnight."

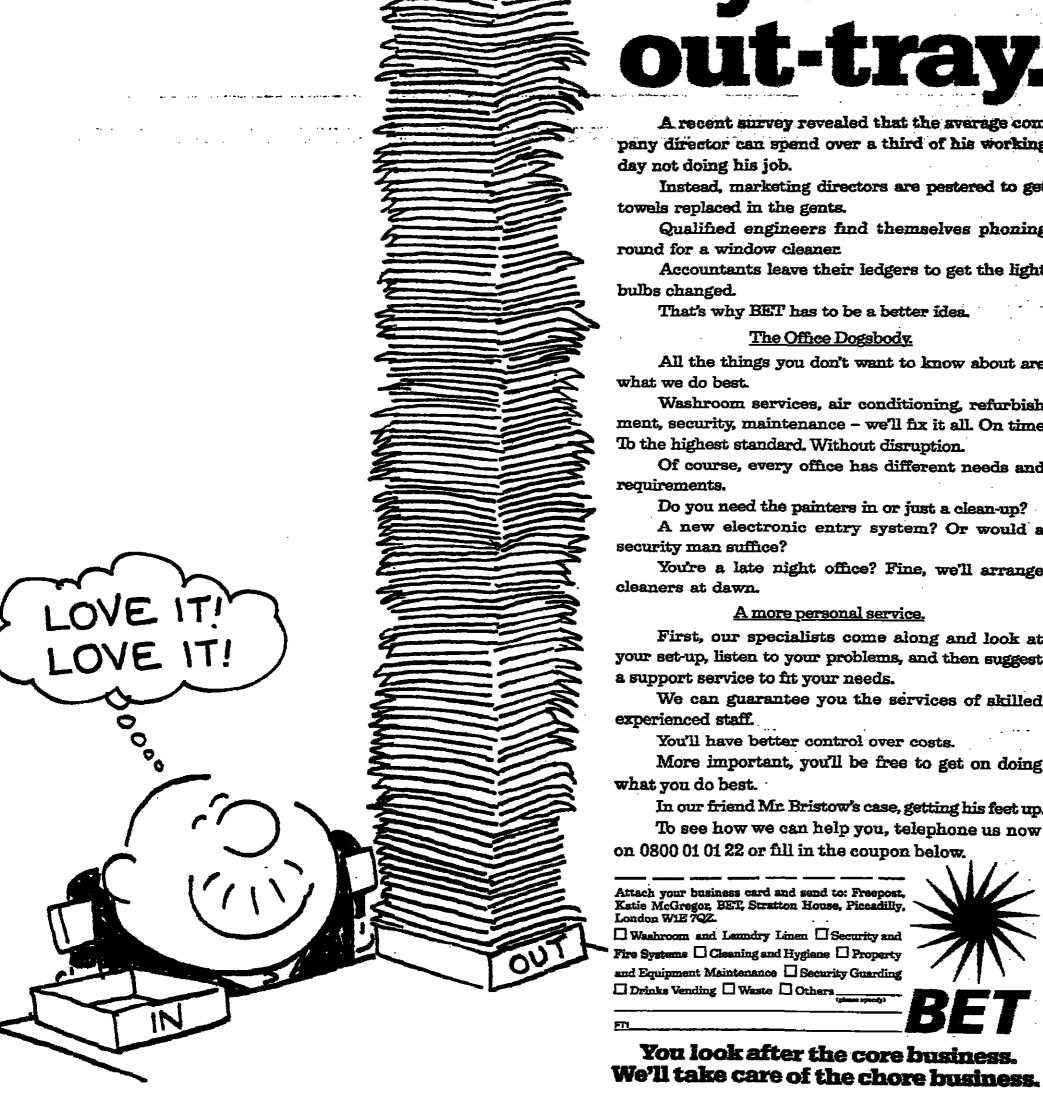
The present Irish laws are enshrined in Acts passed by

the British Parliament in 1861 and 1885. It was under the lat-ter Act that Oscar Wilde was convicted. England, Wales and Scotland reformed the law in the late 1960s. Both Protestant and Catholic churches in Northern Ireland resisted similar reforms for many years, with Mr Ian Paisley, leader of the Democratic Unionist Party in the province, waging a com-paign under the slogan "Save Ulster From Sodomy".

The law in Northern Ireland was only changed in 1961 following the intervention of the European Court of Human

Mr Norris said yesterday that it was important that ireland did not automatically turn to Britain and seek to implement similar laws. The existing British law deprives gay people of dignity before the law in Britain is interpreted very restrictively. Mrs Thatcher seems bent on institutionalising as much prejudice as she

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may face prison bribes inquiry

By John Wyles in Rome

CHARGES that former Italian Franco Nicolazzi and Mr Clerio Pranco Neclazzi and Mr Clerio Darida, accepted bribes in return for placing public con-tracts in Raly's "golden pris-ons" scandal look certain to be investigated by magistrates fol-lowing a joint decision by the two houses of the Italian par-liament yesterday.

Mr Nicolazzi, who was forced to resign as leader of the Social Democratic Party earlier this year, and Mr Darida, a senior Christian Democrat, will be the first to be investigated under a new procedure which has been set up following decades of controversy over the kid-glove treatment of former ministers spected of wrong doing while in office.

Yesterday's decision did not pass without a stir however since all parliament formally voted for was that the charges against the two ex-Ministers should be further investigated by a special parliamentary

Anticipating this result, one neo-Fascist deputy unloaded a sackful of sand on the steps of the parliament building yester-day morning in a symbolic affirmation that the case was being buried (in Italian, "covered in sand").

However, the referral back to the investigating committee is a procedural manoeuvre designed to buy time until a new norm comes into force on January 5 which will place the prisons affair in the hands of

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The committee has already decided that Messrs Nicolazzi and Darida both have cases to answer following revelations by a Milanese builder. He claims to have passed money to both men, when they were respectively Minister for Public Works and for Justice in return for prison construction contracts. Charges against a third former minister, Mr Vittorio Colombo, were dropped

Balance of payments back in the red in September

By John Wyles in Rome

According to provisional fig-ures from the Bank of Italy, the L2,306bn (£989m) deficit was due almost entirely to a current account shortfall, since capital outflows of L1,300hn were almost counterbalanced

by inward investment. In September last year, the balance of payments recorded a surplus of L1,172bn but last month's deficit was not strong enough to deny an improving trend for the first nine months as a whole. The accumulated deficit over the same period in 1987 was Ll,529bn against a surplus this year of Ll,878bn. The latest available monthly

AFTER FOUR consecutive trade figures refer to July and monthly surpluses, italy's bal show encouraging progress by ance of payments neved into Italian exporters. The overall trade balance was in surplus to the tune of LL054ba, compared to L818bn in the same month last year. The seven-month accumulated delicit totals L7,399bn compared to L8,311bn

> By the end of July, Italian exports had risen in value terms by 12.1 per cent against 10.1 per cent in imports. The nine months' trade performance has been helped not only by a stable dollar and soft-ening oil prices, but also by significant improvements in sectors such as food, textiles and clothing which appeared to be losing ground earlier in

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CHARGES that former Italian The governing majority was government ministers. Mr far from united on the issue with the Liberals and Republicans joining the opposition in favouring a referral of the case to the Constitutional Court.
While the old procedures are still in force until the begin-ning of January, the court is nominally responsible for

investigating alleged ministerial wrongdoing. Both former ministers have protested their innocence and are apparently not unhappy to see the case ending up in the normal judicial system which, with its enormous scope for appeals and retrials, could take

years to resolve.

The scandal surrounding Mr Nicolazzi comes at a time when his tiny party - which took 3 per cent of the vote in last year's general election - is struggling for survival and sur-fering a steady haemorrhage of support to Mr Bettino Craxi's

Mr Antonio Pizzinato, general secretary of Italy's largest trade union confederation, the CGIL, yesterday fought off a barely disguised challenge to unseat him. The attempt appeared to have wide support among the union's Communist majority.

His leadership has run into growing criticism from both

within the union and the Com-munist Party following CGIL's extraordinary handling of the Fiat pay negotiations in July when negotiators withdraw their support for a pay deal having previously indicated

CGIL has since refused to accept the agreement although the union is participating in machinery which is imple-

menting it.
This has been taken by Mr. Pizzinato's critics as conclusive evidence of the union's lack of strategy during his three years at the helm. The final showdown may be played in December at a national policy confer-

If the Social Democrats won the subsequent state election Mr Kohl's national coalition would no longer command a majority in the Bundesrat, which has to approve most leg-

The Free Democrats in Lower Saxony have promised their continuing support for the coalition in next month's vote but it is by no means cer-tain that one dissident from either governing party will not vote with the opposition.

If the coalition survives, Mr

ony prime minister, will also announce on November 9 whether he plans to run in the scheduled state election in 1990. If he decides not to stand SPD will have a l chance of victory.

• Count Otto Lambsdorff, chairman of the FDP, said he

would oppose the provision hy Bonn of financial backing for the sale of Tornado fighters to Jordan, Reuter reports.

Government sources said

opposition within the ruling three-party coalition could scattle the proposed financing for the sale of the aircraft, made by a British-West Ger-man-Italian consortium.

Count Lambsdorff said: nomic backing for such a delivery to a country at war with Israel is totally unacceptable to the FDP."

The opposition Social Demo-crats and Greens have already harshly criticised the proposed financing package.

• Mr Helmut Haussmann,

the FDP general secretary, was officially nominated by his party to succeed as Economics Minister Mr Martin Bangemann, who is moving to the European Commission.

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Italian ministers | Stormy debate expected today over Soviet budget

THE SOVIET Government is expected today to reveal the extent of its chronic state bud-get deficit for the first time, at a far-reaching and potentially a har-reaching and potentially stormy debate on the disturb-ing state of the economy. It is also likely to come under unpracedented criticism

for the growing threat of inflation, continuing shortages of foodstuffs and consumer goods in the shops, and the possibility of a wide range of state enterprises being forced into

bankruptcy.

A full-scale economic debate has been scheduled for today's

West German

scandal brings

down minister

By David Goodhart in Bonn

ANY DOMESTIC political advantage that the West Ger-man Chancellor, Mr Helmut Kohl, has gained from his Moscow visit could be over-

Moscow visit could be over-shadowed by a petty corrup-tion scandal in the state of Lower Sexony which has esca-lated in his absence and now threatens the national coali-

tion's narrow majority in the

Bundestrat, the upper house of Parliament.

gations that members of the Christian Democrat-Free Dem-

carried bribes to license a casino cisimed its most impor-tant victim on Tuesday. Mr Wilfried Hasselmann, Lower

Saxony's interior minister,

resigned after claims that he had not told all to a committee

The state Social Democratic Party, led by the popular Mr Gerhard Schröder, will move a

no-confidence vote in the CDU-FDP government on

ernment has a majority of only one, it is possible that it will

The "casino affair" over alle-

meeting of the Supreme Soviet, the national parliament which has hitherto been little more than a rubber stamp body, but which Mr Mikhail Gorbachev. as its new president, wants to turn into a body of democratic control on the executive.

Both the state budget for the coming year, and the annual plan, have to be approved by the deputies over the next two days, after long and divisive debates in the Council of Min-

Deputies have already tabled a large number of amendments putting increased emphasis on

social spending and consumer goods in the plan, Tass news agency said yesterday. For the second time in recent months, they have called into question plans being put forward by the Soviet government - the first being when they rejected pro-posals for penal taxation rates on the fledgling co-operative

movement.

The debate which has already taken place, both in the Council of Ministers and in the preparatory committees of the Supreme Soviet, has focused attention on the pro-

found conflicts caused by Mr

Gorbachey's attempts to decentralise decision-taking without dismantling the central plan-

ning bodies.
The chairmen of the main central planning bodies - Gosplan, Gossnab (the state supply committee), and Goskomtsen (the state price-fixing body) – have vigorously defended their powers, claiming that individ-ual enterprises are now flatly refusing to obey state orders.

Although no official figures have been calculated for the rate of inflation, many economists believe it is already in double figures, in spite of continuing price controls. The principal cause is the need for state enterprises to cover their costs, instead of relying on traditional massive state subsi-

dies. As a result, they have switched from producing lossmaking cheap goods to more profitable expensive ones. Soviet officials have also pointed to a growing gap between the increase in labour productivity and the rate of wage increases, also fuelling the potential for future infla-

Mr Nikolai Ryzhkov, the

Prime Minister, has promised to give a figure for the state budget deficit, which both he and Mr Gorbachev have identified as a major and worsening factor in destabilising the econ-

State finances were badly hit by the anti-alcohol campaign launched by Mr Gorbachev when he first came to power in 1985. Indirect taxation provides almost 60 per cent of all Soviet government revenue, and taxation on vodka and other drinks was by far the largest element

Hundreds of Soviet political prisoners could be freed By Robert Mauthner, Diplomatic Correspondent Soviet Union against their will at the end of 1987. cally dangerous could be forci-bly confined for indefinite periterms of the amnesty of June

incarcerated in Soviet prison camps, prisons and psychiatric institutions are likely to be lib-erated, if Mr Mikhail Gorbachev's reported intention to free all those defined by the West as political prisoners is

According to the human rights organisation, Amnesty international, at least 300 prisoners of conscience were still imprisoned, in exile, or held in psychiatric hospitals in the

However, the organisation recognised in its 1967 annual report that a large number of prisoners of conscience had been freed during the year and that significantly fewer people were arrested on political grounds. The number of prisoners released, estimated at 259 by Amnesty, was probably the largest number freed in one year since the 1950s.

non-medical purposes also came under public scrutiny in the Soviet Union for the first time in 1987, according to the report. In July last year, Izvestia, the government newspa-per, claimed that citizens could be placed in psychiatric hospi-tals arbitrarily and that the law offered no redress.

The main target of the news-paper's criticism was the civil commitment procedure, under to be mentally ill and physiods without being charged with an offence. Izvestia charged that many people were committed with no indication that they were dangerous and, in many cases, no medical commission reviewed their

At the same time, Amnesty found that most prisoners of conscience in corrective labour colonies were subjected to a less severe regime under the

1987 to mark the 70th anniver-sary of the Bolshevik Revolution, and many in psychiatric hospitals were transferred from maximum security institutions to ordinary ones.
The report found some comlicity being given by the Soviet media to human rights abuses and in Mr Gorbachev's recommendation for a stronger role

Sweden proposes cuts in income tax and subsidies

SWEDEN'S finance minister proposed plans to cut income taxes and lower prices for basic goods yesterday as part of a wide-ranging package aimed at bringing down inflation and

stimulating savings.
Mr Kjell-Olof Feldt promised to open up Sweden's heavily-subsidised agricultural sector. to tougher competition from abroad in a bid to bring down food prices. The plan is to

reduce import barriers and slash the generous state subsi-dies over the next three years. Restrictions on textile imports from non EC countries will also be abolished, Mr Feldt said, allowing Sweden to buy from less developed countries for example in the Far East. The move could mean a big drop in textile imports from Portugal and should reduce

The Government proposes to push for an end to protection-ist measures in the textile sector at Gatt talks in future. With an unemployment rate of only 1.6 per cent, certain areas of Swedish industry such as the construction sector are suffering from an acute labour shortage which has belped to push up wages rapidly. The Government proposed restricting office construction and diverting building resources to the housing sector to resolve the desperate housing shortage and stop the escalating rise in

Hourly wages are up 7.5 per cent this year, according to Government statistics. Mr Feldt said that more effective measures had to be taken to make use of the untapped labour pools: he wants to encourage "the younger pen-

sioners" to stay on at work. The proposal to cut tax by 15 per cent on incomes between SKr70,000 (\$11,300) and SKr75,000, and by 3 per cent for all income levels, is an attempt to woo the unions into pushing for lower wage increases of about 4 per cent in forthcoming wage negotiations. It means that the highest marginal tax rate is cut from 75 per

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OVERSEAS NEWS

Veteran populist Korean construction groups seek toe-hold in Japan likely to win Soweto election

By Anthony Robinson in Johannesburg

EPHRAIM "E.T." Tshabala, founder of Soweto's Sofasonke (we'll die together) party is old enough to remember when Mr Nelson Mandela, the jailed African National Congress leader, and Mr Oliver Tambo, his sidekick, were young lawyers around town.

Yesterday the 80-year-old millionaire and erstwhile mayor of South Africa's biggest and most sophisticated black city looked set to win a hands-down victory in the municipal elections, at least in part because most of those who give support to the ANC heeded its instructions to boycott the poll.

But the probable victory of Sofasonke is also a tribute to the personal popularity, especially among the elderly, of a populist politician who has en around a long time and believes in offering people what they want. In Soweto he

His main electoral trump is a promise that under a Sofasonke administration rents will be reduced to R15 (£3.50) a month. This means that a victory for Sofasonke will almost certainly push the already debt-laden council further into the red

believes this means above all more houses and cheaper

Before being deposed as mayor in 1985 Mr Tshabala housed 3,000 families by allowing them to build a shack city along the course of a storm drain. They are still there and most have promised to vote for him. But his main electoral trump is a promise that under a Sofasonke administration rents will be reduced to R15 (£3.50) a month. This means that a victory for Solasonke will almost certainly push the already debt-laden council fur-

ther into the red. Not so, says Mr Tshahala. businessman who made his first fortune thanks to the Afriabattoir who allowed him to take away pork bones and calves heads which he then hawked around the impoverished township. To make up for lost revenue he proposes to make the railways agree to a 5 cent surcharge on the tickets of each of the half million commuters who travel to work in nearby Johannesburg each day and place toll gates on the access roads to raise from 20 to

50 cents on each returning car or taxi passenger. Luckily for "E.T." only 347,000 of Soweto's officially 347,000 of Soweto's officiary estimated 1.2m people are on the voting roll. Of these Mr Nico Malan, the Afrikaner town clerk believes between 20 and 30 per cent will vote — compared with only 11 per cent at the 1983 elections. This would be a success of sorts for would be a success of sorts for Pretoria, and for Mr Tshabalala. But as most unofficial estimates put the population of greater Soweto as close to 3m people only a miniscule per-centage will legitimise the

newly elected council.

Meanwhile some 15 kiloetres away from Soweto, Mr Rupert Korb, the Austrian-born candidate of the ruling National Party in the cosmopolitan inner city high-rise flat constituency of Hillbrow looked set to gain this seat on the all-white Johannesburg city council from the "liberal" Progressive Federal Party. Hillbrow is the classic case of a former genteel inner city white suburb which, despite all legal obstacles, has been transformed into a multi-racial area.

A hundred metres up the road from the polling booth the Chikosh restaurant, run by a Serbian immigrant from a small village near Belgrade, served excellent shish kebab and Turkish coffee while at the next table three attractive black prostitutes glanced peri-odically out of the window for passing custom in the street below. Across the street a con-tinuous flow of black tenants moved in and out of Westminster Mansions, which 30 years ago would have been filled

with respectable single white working ladies and gents. Rupert Korb remembers those days because he lived there before he married and moved out to leafier suburbia. Last year, divorced and therefore poor again, he moved back into a bachelor flat-and was horrified at the changes he saw in his old neighbourhood. Unlike his Conservative

Party rival Mr Korb knows that it is impossible to turn back the clock and kick out the blacks, coloureds and Asians who have moved into the empty apartments. But he promises Hillbrow residents they have a "right to expect other residents to maintain dards" and a "right to put a stop to the activities of drug pediars, prostitutes, hotels operating as brothels, vagrants and twilight children". To judge by the line of genteel impoverished widows, many of them Jewish, flocking to his booth he has hit a sensitive cord among those trapped in a changed neighbourhood but reluctant to vote out of fear for

Zambians set to re-elect Kaunda for sixth term

By Nicholas Woodsworth in Lusaka

THERE IS little doubt that President Kaunda will be returned to office after elections yesterday for the sixth consecutive time since Zambia's independence from Britain in 1964. Zambia's 2.6m voters also voted yesterday for a new legislative assembly. Full election results are not likely to be announced before

Since pushing through con-stitutional_changes in 1973 restricting Zambian democracy to debate within a single party the United National Independence Party – President Kaunda has had no electoral While 610 approved UNIP candidates are contesting 125

parliamentary seats, President Kaunda under the present system requires 51 per cent of votes cast in a referendumstyle election. In the last national elections in 1983 he won 93 per cent of the popular vote. Because of growing dis-satisfaction with the country's economic decline since then, analysts predict that a similarly large vote is unlikely this

Referring to violence in South Africa as he cast his vote near State House yesterday, President Kaunda acclaimed Zambia's "fullyfledged democracy" saying it was for such an institution that people in South Africa and Namibia were dying.

Michiyo Nakamoto writes from Tokyo on a long-term strategy to compete for Japanese contracts

OUTH KOREA'S aggressive construction compa-nies are known throughout the world for competitive bidding and almost superhu-man performance on site. Now they are beginning to focus on the hitherto impenetrable Japanese market.

Four South Korean companies – Daewoo International, Hyundai Engineering and Construction, Samsung Construc-tion and Sam Whan - recently received licences from the Tokyo metropolitan govern-ment that will allow them to undertake construction work in Japan. The four are among 10 foreign companies that recently received construction licences. The other six are all US companies; one European company has submitted an application for a licence.

They are all taking advantage of a decision by Tokyo earlier this year, following con-

siderable pressure from the US Government, to extend at least a formal (if not actual) invitation to foreign contractors to

enter the Japanese market.

Japan's efforts to stimulate its domestic economy have also led to a public spending boom that is making it one of the bright spots in the world's construction market. By contrast, the Koreans are concerned about a slowdown in now that the Olympic Games are over.

The possession of a Japanese construction licence is, in itself, of course, no guarantee that work will be found. The Korean companies acknowledge that it is likely to be some time before they will win con-

tracts in Japan.
Japan's construction industry is known for being very-closely knit. Furthermore, the big Japanese construction companies have very close relation-ships with their main public sector clients, the Ministry of Construction and the construction departments of prefectural governments. "It's an old boy's club," said an analyst at Hoare Govett, the brokerage firm, in Tokyo. For example, the suc-cessful bidder for a public works contract is generally chosen out of a predetermined group of qualified contractors, consisting of Japanese compa-nies that have proven exper-

o, foreign companies lacking the vital political connections have had almost no chance of winning such contracts. The situation is expected to change, as the Japanese Government is committed to helping foreign contractors win public works projects. The Government's nedge has The Government's pledge has already enabled several US

companies to set up partnerships with Japanese companies which will allow them to bid jointly for contracts.

But the close ties between public offices and Japanese construction companies and between contractors and subcontractors is not likely to change in the near future. The best that the Korean companest that the Korean compa-nies can hope for now is to form tie-ups with Japanese companies to promote their skills and build relationships in the industry that could per-haps eventually win them a niche in the market. "It is very difficult to win contracts in Janan" said Mr

contracts in Japan," said Mr Chun Young Jin, manager of the Samsung Construction Company's Tokyo Branch. Mr Chun expects the company will have to spend at least a year learning the Japanese way of doing business before it can win any contracts.

Moreover, in the search for joint ventures, Korean compa-nies are probably at a disadvantage to their US counterparts. US comapnies can bring to a partnership design excel-lence, advanced engineering skills and expertise in con-struction management. South Korean companies, on the other hand, have little to offer a partner besides a source of cheap manual labour, and even this is of no use to Japanese companies in their own mar-

ket, since foreign unskilled labourers are not permitted to Samsung Construction recognises this handicap and hopes to work initially with Japanese companies in Third World countries. There the company can provide cheap labour in exchange for an understanding of Japanese technology, management and

But, for the time being, the Koreans are keeping a low pro-file, and with good reason. They are reluctant to alarm Japanese construction managers, who know that the Koreans could eventually start to beat down bid prices and threaten the comfortable posi-tion they have acquired at home. After all, the Japanese have done exactly the same thing in other countries.

Indeed if the Koreans do manage to penetrate the Japa-nese construction market, they are likely to face some pressure from the Japanese in turn South Korea's own public works projects are not yet open to foreign contractors.

"Our company does not want to compete with Japanese com-pantss. We would like to co-operate with them." Mr Chun says. Whether or not the Japa-nese will be convinced by that assurance is to be seen.

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to safety

from ferry

Donors pledge \$1.1bn for Kenya

By Julian Ozanne in

WESTERN donors meeting in Paris this week have pledged to increase their economic sup-port for Kenya to \$1.1bn in 1989.

The announcement came at the end of a two-day confer ence of bilateral donors, multi-lateral agencies and the Ken-yan Government, which reviewed the country's economic progress and long-term development prospects. Kenya has recorded an aver-

age annual growth rate of 4 per cent over the last four years, keeping pace with population increase, and has been implementing adjustment programmes in agriculture and industry. Forecast growth this year is 5.4 per cent, but donors are concerned with the Gov-erument's inability to control

its expenditure. In 1986 the Government smoomced plans to reduce the budget deficit from 4 per cent of GDP to 2.5 per cent by the end of the century. But this year's already high target of 4.5 per cent is almost certain to be overshot because of spending on celebrations marking President Daniel arap Moi's tenth year in office and 1989 population census, increasing university intake, and the growing bureaucracy. Failure to meet budget tar-gets could jeopardise Kenya's

chances of drawing on the highly concessional Extended Structural Ajustment Facility (ESAF) available from the international Monetary Fund. Kenya would be entitled to SDR213m (\$284m), which would more than double the present IMF Structural Adjustment Facility of SDR90.17m.

Kenya needs this money to fill a balance of payments gap estimated by the Fund to be \$70m this year. An IMF mission which visited Kenya in August was reported to be generally satisfied with Kenya's exchange rate and monetary policy but concerned

In the financial year July 1987 to June 1988 Kenya just managed to meet its budget deficit target of 4.2 per cent of deficit target of 4.2 per cent of GDP by carrying over Ksh2bn (\$110m) payments into the following year. The Fund was also said to be unhappy with the slow progress made in the reform of public enterprises, import policy and grain marketing liberalisation.

about its budgetary perfor-

On this basis the IMF team decided that Kenya was not yet ready for an ESAF-sup-ported programme and would return to Kenya in January next year to review progress.

UK to co-operate with Japan over aid

By Peter Montagnon, World Trade Editor

BRITAIN has offered to hold on the country's aid pro-co-operate with Japan in jects which has made it harder administering development aid for foreign contractors to bene-to help that country spend its rapidly rising aid budget, Mr ignated as untied to Japanese exports. Development Minister, said

this year means it is now the world's largest aid donor. Effective co-ordination by Japan with Britain and the rest of the donor community is essential", he told the Royal Institute for International

Businessmen believe that a co-operation programme with Japan on official development aid could help the UK win more contracts funded by Tokyo in the developing world, especially if it leads to the involvement of more UK consultancy firms in preparing projects financed by Japan's untied aid funds. Up till now Japanese consul-

By Andrew Whitley in Jerusalem

camp controlled by the main-

stream Fatah branch of the

Palestine Liberation Organisa-

In an apparently co-ordi-

nated ground thrust, militla-

men from Israel's ally, the South Lebanon Army (SLA), launched a two-pronged attack

on the town of Lebaa, due east

of Sidon, held by Palestinian fighters and those of the Sunni

Muslim Popular Liberation

Army. The SLA used armour

and artillery bombardments in the advance, which the Israeli

ne iirst raid.

However, the businessmen also warn that Mr Patten's yesterday. also warn that Mr Patten's Japan's aid budget of \$10.4bn approach forms part of what appears to be a growing competitive interest in industrial countries in securing benefit to

their own industries from

Japan's growing aid budget. Other countries which have other countries which have sought to strengthen their aid links with Japan include West Germany and the US whose Eximbank last year undertook to keep US industry informed of business opportunities arising from Japan's growing aid havdget

Mr Patten played down this aspect of his approach yester-day, but his speech seemed carefully designed to impress a number of Japanese diplomats tancy firms have kept a tight present about the co-operative

already left a death toll

approaching the 50 mark. Those injured, many of them women and children,

are probably double that

day that the five air raids mounted since last Fri-

day - hitting targets across a wide geographical and political spectrum - were intended to

be both retaliatory and pre-emptive. One Foreign Ministry

official predicted more of the

Israeli officials said yester-

ISRAELI aircraft yesterday attacked guerrilla targets near guerrilla stronghold.

Sidon and south of Beirut in Beginning with the suicide the latest in a week long series or beamb explosion on the the attacks of raids into Lebanon.

At least 15 dood and 40 Wadnassiav in which sight dent and the suicide to the attacks of raids into Lebanon.

Siden and south of Beirnt in the latest in a week-long series of raids into Lebanon.

At least 15 dead and 40 Wadnesday, in which eight wounded were reported from the first raid on a state of the latest of the la



Pattern aid quality

Israeli warplanes raid targets in Lebanon

role the UK could play, especially in Africa where Japan lacks expertise.

The rapid increase in Japan's aid budget means that it will have to increase its will have to increase its

election

An army spokeswoman said

the attacks were, in part, a

response to the car bomb inci-

dest and to a recent spate of

bottler infiltration attempts.

six bands of guerrillas were

clared "security zone" along

the Lebanese border: nine

guerrillas were captured and

Bariler this week, Mr Yit-zhak Rahin, the Defence Minis-ter, rejected demands from

right-wing Israeli politicians for a widening of the security zone, or the building of another border fence along its

northern perimeter. Such moves would be likely only to

increase Israeli casualties, he told a parliamentary commit-

intercepted in Israel's self-de-

in

hilateral aid spending in coun-tries outside Asia which have been the main recipients of its aid so far, he said.

"There is a potential for a close and mutually beneficial working relationship," he added, citing Britain's proven track record in terms of aid quality and project evaluation. Japan was already using the Crown Agents to help procure materials for its aid programmes in Africa.

ideas for possible co-opera-tion developed out of his visit to Japan earlier this year, fol-lowing which he said he put to the Japanese Government a programme of action covering specific countries in Africa and Asia and as well as specific projects on which Britain

would welcome co-operation.

Tokyo's response to our project proposals has been positive and we are now starting to work with the Japanese on them," he said.

In private, Israeli officials

have long been forecasting a build-up in military activity in

southern Lebanon before the

elections, as a signal of support

for Palestinians in the occupied territories. While the pro-irapian Hizboilah organisation

has taken the brunt of the

offensive, Lebanese Druze and

pro-Syrian fighters have also

been caught up in the escala-

The resurgence of Hizboliah

in the south, after the setback

it received during the summer at the hands of the Israeli

Army, is attributed to last

month's assassination in Bei-

rut of three military leaders of

the more moderate Amal mili-tia, including Mr Daoud Daoud,

its southern commander.

disaster By Richard Gourley in Manila AS MANY as 150 survivors from a Philippine ferry that sank in a typhoon on Monday swam ashore, reached remote islands in lifeboots or were rescued by fishermen, officials

said yesterday. But more than 309 passengers and crew are still missing. Helicopters and a flotilla of small bosts searched the area near Masbate but found no signs of wreckage from the 1900-capacity inter-laland ferry that sank after developing

engine trouble in the path of the typeon.
One survivor said that when the ferry capsized he was knocked overboard but managed to grab a life jacket to which his wife and two sons clang. I got very tired and she let go, he said. The waves got stronger and Louis slipped. I think hours later I lost my

other son."
A spokesman for Sulpicio
Lines, which owns the striken
MV Dona Marilyn and 26 bodies had so far been recovered. He said that \$70 people had been on board, but frequently ferries carry more than full capacity and owners rarely keep lists of passengers.

has ordered an enquiry into why the Dona Marilyn was at sea when a typhoon was known to be approaching. Senator John Osmena of Cebu called on the constguard to suspend operations of Sulpicio Lines, which last year lost the Dona Paz with more than 3,000 people in the largest ever people in the largest ever peacetime disaster at sea.

The capital, Manila, was again besieged by high winds and heavy rain yesterday, adding to the misery of flash flooding. The number of people confirmed dead on land has

now risen to over 120. Over 400,000 people have been affected, about a quarter losing their homes in flash floods, and Mrs Aquino has declared a quarter of the country's provinces a disaster area. An Agriculture Department spokesman said about \$62m of rice crops had been destroyed but that the overall damage was not likely to be as great as that caused when a typhoon

struck a key coconut region

Pro-Iran gunmen murder Rafsanjani hints at closer Saudi envoy in Ankara

the advance, which the Israeli same over the coming days, Army Radio said last night had in the run-up to Tuesday's

A SAUDI diplomat was shot dead outside his Ankara home on Tuesday night, and a pro-lranian group in Lebanon yes-terday claimed responsibility for the killing. Mr Abdulghami Beddawi, a second secretary at the Saudi embassy, was shot with a 9mm pistol through the heart and neck.

between Saudi Arabia and Iran. Both countries have recently been making tentative, conciliatory gestures towards each other after a period of bitter host-

In Ankara yesterday theories about the killing ranged from a crime of personal revenge to an attack by another obscure In Beirut a typewritten state-ment in Arabic, signed in the name of Islamic Jihad-Hijaz pro-Iranian group called Black Friday, which is thought to and delivered to a news sgency, said the group had car-ried out the assassination. have planted a bomb in front of the Saudi cultural centre earlier this year, a Turkish The attack comes at a very police bomb squad defused the sensitive time in relations

relations with East bloc MR ALI AKBAR Hashemi

Rafsanjani, Iran's military chief, said yesterday there were no obstacles to expanding ties with the Soviet Union and tran could be a good friend to the East bloc, Tehran Radio reported, Reuter writes. "If the East bloc stresses its anti-imperialist character, which it does, it can find a good friend in Iran," the radio,

monitored in Nicosia, quoted Mr Rafsanjani as telling Mr Karoly Grosz, the visiting Hungarian Prime Minister. Mr Rafsanjani said Iran had suffered from Western domination in the past century and relations with the East bloc after the 1979 Islamic revolu-

Ties with the Soviet Union. fran's neighbour to the north, had suffered during the Guif war because of Moscow's back-ing for Iraq, he said. "But now that the war and the Afghanistan problem are being solved. . . there is nothing to hinder the expansion of our relations," he said.

Tehran follows a policy of

"Neither East, nor West" and official statements often condemn the Soviet Union with

Banks sign \$40m facility for Tanzania By Stephen Fidler, Euromarkets

Correspondent A CONSORTIUM of European and American banks yesterday signed a \$40m pre-export financing for Tanzania.
The acceptance facility, in

the name of the National Bank of Commerce, will allow the country to improve the flow of its revenues from coffee exports to facilitate the purchase of oil products. The banks are lending money even though the comtry has yet to reach agreement in long-running talks with the International Monetary Fund. Bankers believe that an agreement may be close, and cite

the Government's commitment to the transaction and the security of such financines.
The financing, being led by Bankers Trust, fellows a 12month deal for \$50m signed last year, the first internationally syndicated facility for the country. Bankers Trust said this year's facility was oversubscribed and said it had been reduced in size because Tanzania had not fully used last

year's financing.

The margin on the deal is identical to last year, 1% percentage point above the Bankers Trust bankers' acceptance rate, which typically is less than Libor, the floating money market rate used as the benchmark for most financings.

Australian broadcasting revolution increases competition Chris Sherwell in Sydney assesses the impact of sweeping changes in the nation's radio and television networks

tralia's Labor government announced the most far-reaching regulatory changes in decades. Federal Treasurer Paul Keating presented media owners with a clear choice: "queen of the screen or prince of print." Apart from barring crossownership of television and newspapers for new entrants to the media business, the changes removed the two-station limit for television licensees. But they also imposed a 75 per cent limit - later cut to 60

each station may reach. The result was a dramatic shake-up of television ownership in the major metropolitan areas. Stations changed hands for fabulous sums and the three commercial networks -Channels Seven. Nine and Ten - emerged from their prolonged adolescence with new

per cent - on the proportion of

the overall population which

The government has since

T THE end of 1986 Aus- enacted major legislative changes affecting television in the country's vast regional areas and sweeping alterations to radio ownership rules. At the same time debate is continuing over the publiclyfunded Australian Broadcasting Corporation (ABC), which operates national and local television and radio services, and the multicultural television channel SBS.

Australia, in short, is undergoing something of a revolu-tion in broadcasting, but one which involves re-regulation rather than deregulation. Breaking the powerful nexus of print, screen and sound has been its key feature. But the general idea is to expand the number of television and radio services, and to improve competition among existing and

new stations. Because of Australia's continental size and its far-flung rural communities, this is no small task. The country's openness to democratic pressures,



DEREGULATION OF BROADCASTING

from groups demanding more services, less regulation, more oversight or simply no change at all, has complicated matters

So far the results are limited. and opinions mixed. The principal impact has been on television in the major state capitals, where the bulk of Australia's 16m population resides in sprawling suburbs and enjoys a lifestyle which is nothing if not media-oriented. Competition between the channels, always vigorous, has become aggressive. More is being spent on news and current affairs programmes, and there appears to be more Australian-made material. Yet it is likely that most ordinary people notice little real difference and the repetitive commercials continue to infuriate. It is outside the capitals that

viewers will experience the biggest changes, because their choice will soon increase sharply from the current arrangement of one commercial channel plus the ABC to three commercial channels and the ABC.

This "equalisation" is the result of a policy which aggregates the present small mar-kets into larger regional ones so that existing stations beam into adjacent areas. The broadcasting infrastructure needed for this is now being put in place, and it should begin in southern New South Wales next year, in Queensland by 1990, in northern New South Wales by 1991 and Victoria by

In Tasmania, where there is an existing commercial monopoly, the government hopes a second commercial service will develop. But it faces much more of a dilemma in Western Australia and South Australia, where the population outside Perth and Adelaide is too small, even combining the two states, to support aggregation.
One solution would be to include the two cities in the new market. Another would be to persuade the single station operating in Western Australia's existing regional market to become a multi-service operation providing more than one

channe A third possibility focuses on Australia's remote commercial television services, which broadcasts to the country's most isolated centres through satellite transmission. The idea would be to make these ser-

vices more viable by expanding them to the more populous regional markets, which is why

in 1980. Quite apart from the ABC, there are 139 commercial radio licensees, broadcasting in

în a state.

they are now under review. The changes under way in radio are no less significant. Australian radio is among the most highly developed in the Western world, despite the late arrival of commercial FM radio

102 service areas. Sydney and Melbourne, with nine each, are the largest.
Until changes announced a year ago, no one could own more than one metropolitan licence in any state, or more than four nationally. There was also an overall limit of

eight nationally. Now the overall limit is 16 - one per service area, and half the service areas which prevents a radio station owner holding more than 15 per cent of a television station or newspaper in the same area. Further alterations announced in August mean that two AM licensees in each state capital will be allowed to convert to FM - mainly to

relinquish frequencies to the ABC for parliamentary broadcasts - and two new FM sta-tions in each capital will be auctioned for an expected total of A\$190m between 1990 and As if all this isn't enough, a plan is under consideration for

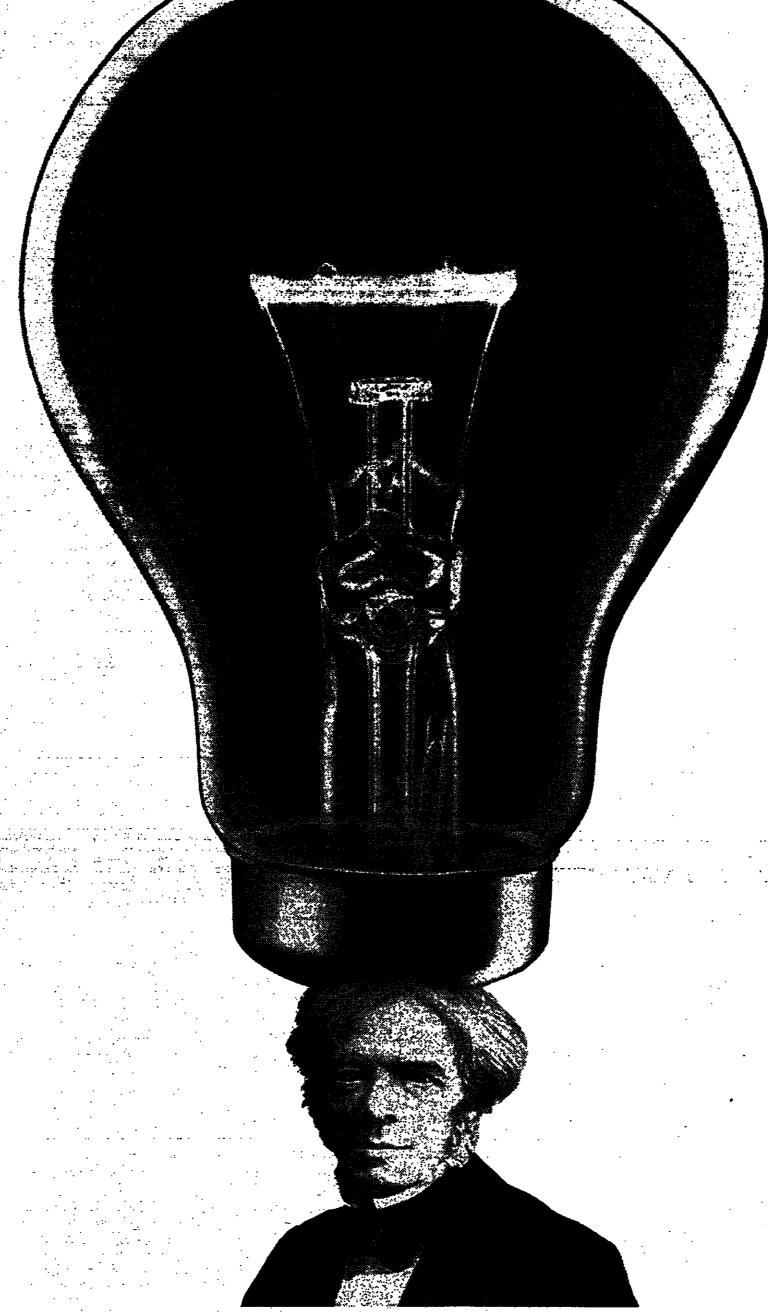
pay TV, in which additional television services would be made available by cable or satellite to those ready to pay for four licences in a state, and But pay TV will only materialise in the 1990s. Broadcasters

and policy-makers need a breather to see the current Another 37 new commercial changes through.

However are meanwhile to be issued by 1990, and there is also a cross-ownership rule 13, 14, 15, 20 and 25.

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Mr. Faraday's idea was bigger than he knew.

Making electricity is simple, as Michael Faraday taught us in 1831. If you keep spinning a copper disc inside a magnet, you'll generate a continuous supply.

Generating *enough* electricity, on the other hand, has created one of the biggest businesses in Britain, with assets of around £25 billion.

Our turnover last year was more than £8 billion, our trading profit £590 million. We still use magnets and copper. But on a massive scale, 24 hours a day, 365 days a year.

And we use good old steam power to turn most of our turbines. But to get up a sufficient head of steam we need a massive fuel supply.

Our annual fuel bill is over £4 billion, more than half our total costs. So keeping fuel costs down is clearly essential for our business.

And for the nation's business. Just about everyone in England and Wales uses our electricity. We have to generate as much as is needed, at as low a price as possible.

So we use many different fuels; fossil and nuclear.

And we'll continue to seek new sources of power: to harness the wind and the tides and the heat beneath the earth's surface.

Our efforts are needed not only to keep prices down, but to satisfy a widely fluctuating demand, day and night, summer and winter; through storms and strikes and other acts of God or man.

That's the generating game: high stakes, tough rules and plenty of challenges. But it's a game we have to go on winning.

By using our magnets, like Mr Faraday said.

THE GENERATING GAME

seemed, knew the direction they wanted their country to take. Inflation at home and humiliation abroad at the hands of Iranian revolutionaries created the opening for Ronald Reagan to drive President Jimmy Carter from office.

Although his victory was assured only in the final days of the campaign, Mr Reagan was able to claim a mandate for change, for lower taxes, for less government (except in national security) and for a more vigorous military build-up than the one Mr Carter had initiated.

When Americans cast their votes in 12 days to choose Mr Reagan's successor, they will do so with an ambivalence which reflects both the inabil-ity of the candidates to inspire much more than indifference among many voters and the voters' own uncertainty about the directions in which they

Battle of the million dollar war chests

WISCONSIN - This seat fell vacant when Senator William Proxmire, 72, stood down after serving 32 years. One reason he did so was his distaste for the multi-million-dollar modern Senate election campaign.
This clearly does not bother
his would-be Democrat succes-

sor, Mr Herbert Kohl, the food and department store millionaire who owns the Milwankee Bucks basketball team. His sales pitch to voters is that he is "too rich to be bought."

Mr Kohl has a \$4.3m cam-paign budget, one of the big-ger Democrat war chests and the largest ever seen in Wisconsin. Sen Proxmire regularly won re-election on a bud-get of a few hundred dollars, most of which went on postage returning unsolicited campaign contributions.

Mr Kohl, 53, is outspending his Republican opponent, State Senator Susan Engeleiter, 36, by 6-1. Even so Republicans complain that Ms Engeleiter, one of the better candidates fielded by the Grand Old Party, is being swamped by money. But coming from a party usually overflowing with dollars, this charge is unlikely to arouse sympathy

Easy run forecast for Dukakis adviser

MARYLAND - This state ranks among the most Democratic in the country, and the Democrat incumbent, Sen Paul Sarbanes, is overwhelming favourite to retain the seat he first won in 1976.

Sen Sarbanes, 55, is a Greek American who counted among his Harvard Law School contemporaries a young man by the name of Michael Dukakis. Sen Sarbanes now advises Mr Dukakis's campaign on eco-nomics and foreign policy.

Sen Sarbanes's opponent is Mr Alan Keys, a 38-year-old former Assistant Secretary at the State Department. Mr Keys is one of two black Republican Senate candidates this year. During the Republican convention, Mr Keys rebuffed Bush campaign efforts to make him deliver a speech playing up his colour and his party affilia-

Mr Keys is a self-confessed intellectual – which contrasts with Sen Sarbanes's at times insufferable folksiness on the stump. In fact, the Democrat who has never lost an election – has one of the best minds in the Senate.

Cries of foul greet footballing candidate NEW JERSEY: It is being billed as one of the nastic Senate campaigns of a year which is being distinguished by the frequency with which candidates are resorting to

pit-bull campaign tactics.
The Republican challenger is Mr Peter Dawkins, 50, a man remembered in British rugby-playing circles as the Yank who brought the torpedo throw in to Oxford, and even to Twickenham when he played for the university in the Varsity match.

Mr Dawkins was president of his class at the West Point military acadamy, winner of American college football's most prestigious individual award, the Heisman Trophy, and appeared to be headed for stardom as the youngest general in the US army until he quit, for the well-trodden route into banking and poli-

Pitted against him is the incumbent Senator Frank Lautenberg, 64. In recent weeks a race that looked like a walkover for Senator Lautenberg has tightened as Mr Dawkins has overcome attacks on his integrity – his campaign stu-pidly embellished his illustrious military record by suggest-ing wrongly that he was wounded when serving in Vietnam. Mr Dawkins has been accusing his rival, a self-made millionaire, of veniality, dealing in the stocks of companies that trade with the government.

EIGHT years ago Americans, it would like to see a new President lead.

Vice President George Bush is the clear front runner in part because early in the campaign his Democratic rival, Governor Michael Dukakis of Massachusetts, out of hubris or naivete, reacted too slowly to the Republican campaign strat-egy. But polls consistently show that many voters are only weakly attached to either man and wish they had a better choice of candidates.

In a sense Mr Bush and Mr Dukakis are appropriate symbols of the uncertain national mood. Mr Bush's strength in office would not be his convictions but the team of prag-matic officials he would bring with him. Mr Dukakis, although more passionately committed to political causes than he would appear, is an unipspiring figure, too. He uninspiring figure, too. He keeps his emotions under lock and key - Mr Bush calls him the "stealth" candidate - and he seems curiously dependent on the people around him to compensate for his own insen-

sitivity to the political climate. In February after the New-Hampshire Republican primary, a defeated and embit-tered Senator Bob Dole had only one request of the victor. He wanted George Bush to "stop lying about my record". To the surprise of those politi-cal analysts who thought that presidential campaign had to be conducted on a higher plane, it was a harbinger of things to come.

This week, as the campaign enters its final days, Mr Duka-

kis's last desperate effort to catch up sees him accusing Mr Bush of lying and of exploiting racism. Thus the tone of the campaign has degenerated to the point where the presiden-tial rivals look more like petulant schoolchildren swapping abuse in the schoolyard than

Democrats tipped to strengthen grip on Congress

TO WIN the White House is a 15 Democrats were running mouthwatering prospect for ahead of their opponents, though the races in North Dakalike, but in the run-up to November 8 both parties are increasingly focussing on elec-tions for the US Senate.

This year, the Democratic party finds itself in a strong position. Democrats are out-spending or matching dollar for dollar their Republican rivals and, barring any lastminute swings in the polls, they look like maintaining or expanding the Senate majority they regained in 1986.

When combined with the entrenched Democratic majority in the House of Representatives – in 1986, 98 per cent of incumbents seeking re-election were winners – a consolidated Democratic majority in the Senate amounts to an important power base for the party.

In Washington, where there is plenty of criticism of the campaign waged by Governor Michael Dukakis, some Demo-cratic strategists are already preparing mentally for a Republican President George Bush and calculating how the party can use its likely supremacy in Congress to

mount an effective challenge. This year, Democrat Sena-tors running for re-election feel a good deal safer than in previous elections because there is no obvious conservative tide running against them. More-over, Mr Bush does not seem strong enough to transfer his appeal to fellow Republicans.

In 1988 Senate races, the Democrats start with a mar-ginal advantage because they have 15 incumbents running for re-election compared to 12 Republican incumbents. US elections tend to favour incumbents because they are better-known and therefore better financed. An additional source of strength for Democrats is their fund-raising: special interest groups which backed a losing effort by the Republi-cans in 1986 appear to have switched to the Democrats.

Among those Democrats who stand out are Senator Daniel Patrick Moynihan of New York, the eloquent former US ambassador to the United Nations who, with \$5.2m under his belt, is a certain winner against an opponent who has barely raised \$500,000; Senator Quentin Burdick of North Dakota, 80, who gave up karate three years ago and is determined not to make his oppo-nent's age an issue; and Senator Howard Metzenbaum of Ohio, the most liberal member of the Senate whose campaign on behalf of "the little guy" and against big business is an object lesson to Mr Dukakis in

how to avoid being labelled.

At the end of last week, all

ota, Montana and New Jersey seemed to be tightening. New Jersey, along with Ohio, is a Republican target state. It feetures Mr Pete Dawkins, the former Rhodes scholar, football hero, army general and stock-broker against the worthy Senator Frank Lautenberg. Mr

Bush is running way ahead of Mr Dukakis in New Jersey, the

Republican governor Mr Tom Kean is very popular, and Mr Dawkins may have a chance. Of the 12 Republican incumbents, two look to be in trouble. Senator Chic Hecht of Nevada and Senator David Karnes of Nebraska were running behind, but Mr Bush's likely strong showing in Nevada may save Senator Hecht. Several other races look tight, including Delaware, Minnesota, Wyoming and Connecticut where the liberal Senator Lowell Weicker is being outflanked by on the right by a Demo-

cratic opponent. In California, Pete Wilson, the Republican incumbent who is cast in the Regan mould, faces Leo McCarthy former Lieutenent Governor a classic California Liberal. Wilson seems well ahead.

In the six open races where no incumbent is running - the Democrats are assured of picking up a seat in Virginia, formerly held by Paul Trible, Republican. Here, the former state governor Mr Chuck Robb, a possible future presidential candidate, is about to bury Mr Maurice Dawkins, a retired black Baptist preaches whose best campaign shot was to suggest that Mr Robb's friends include cocaine trip-

pers. Mr Robb denied the allegations. The Republicans are confident they can win open seats in Florida and Mississippi, both formerly Democratic, helped by Mr Bush's expected strong showing in the South. In Mississippi, Congressman Trent Lott, the House minority whip, has a slim lead and he whip, has a slim lead and he has been careful not to ignore progressive issues such as edu-cation in a state where the

black vote is pivotal. In sum, the Democrats reckon they ought to be able to pick up at least two seats, and possibly more – barring a blow-out by Mr Dukakis. The Republicans, while holding out the prospect of regaining a Senate majority, do not sound confident and would like to see a little more support from Mr Bush. Instead. President Rea-gan, 77, is trying to revive the old magic; but it did not work in 1986 and there is not much reason to believe it will work

putative leaders of what they so loudly proclaim to be the greatest nation of the face of he earth. Why?

The proven effectiveness of "negative" campaign tactics are part of the story. Mr Bush's best hope, his advisers were saying in early summer, was to focus the election on the past: linking Mr Dukakis with the failed policies of the Carter era and the liberal Democratic phi-losophy which Mr Reagan has been putting the boot into for eight solid years.

But there is more to it than this. The last time a Republican and a Democrat fought to succeed a retiring two-term president was in 1960 when Vice President Richard Nixon and then Senator John F Ken-nedy usbered in the era of television campaigning.

In those days a message of optimism and renewal did not require a background of quiet desperation as a counterpoint,

only a candidate who was able to grow in confidence and stature as the campaign wound on, and could capitalise on the housancy of a nation confident it was the most powerful on

America today is a much older country than the passage of 28 years would suggest. A lost war in Asia, leaders lost to assassins' bullets and civil riots which have left a sullen ghetto community further than ever from the goal of equal civil and economic rights, is a truer measure of the passage of time. So, too, is the emergence of economic rivals in the West and political competitors in the East, who are forcing Americans to wonder about their nation's identity in the world. A growing number of American voters have stopped

looking at America's friends with benign self assurance and many are clamouring for the global reach of its armed forces

to be curtailed and the boys to The national mood is such

that a call for change, such as that Mr Dukakis has presented, is hard to sell. The peace and prosperity of a relatively successful Reagan presidency, compled with Mr Dukakis's weakness as a candidate also helps explain why he has failed to turn the campaign into a referendum about America's

This is not because the nation is in a complacent mood but rather because the peace and prosperity they are enjoy-ing encourages the voters to divert their attention from a future that many sense is

uncertain. There is however a growing concern that there will be a price to pay, not only for the ugly, negative tone of the cam-paign but also for the failure of either candidate to rally sup-port for an agenda for the

Some Democrats, disturbed by Mr Dukakis's difficult rela-tionship with his own party during the campaign and sensitive to the divisions within the party, are worried that if he beats the odds and snatches the White House from Mr Bush's grasp, he will prove no more adept at working with a Democratic controlled Con-gress than President Carter

Mr Bush's advisers, who suspect that the Democrats are right to be confident of retaining control of the Senate, are

no less worried. They recognise that, assuming Mr Bush wins, he will face an extraordinarily difficult task if he is to build hipartisan support for a programme to tackle the business of re-ordering domestic budget priorities and re-shaping America's rela-tionships with its allies not least because they doubt their

ability to regain control of the Senate. In the final two years of Mr

Reagan's presidency Demo-crats on Capitol Hill have demonstrated a capacity to shape the political agenda, and they will be no less determined to do so with Mr Bush in the White House Many of them are already swearing they will take revenge on Mr Bush for the way he has vilified their candidate and their party. The only comfort for Mr Bush lies in the question of whether the Democrats will be united enough in defeat to make good on such threats.

So whoever wins the Presidency, the outlook is murky and the best advice being offered is that after November 8, it will be more important than usual to pay close atten-tion to events on Capitol Hill than just to watch for policy initiatives from 1600 Pennsyl-

Bush gets best value for his TV bucks

By Nancy Dunne

THE TWO presidential hopefuls are spending an estimated \$50m on television commercials which polls say are having an unprecedented effect in swaying an electorate now disgusted with the mudshing-

ing campaign.

From the beginning, Vice President George Bush has been getting better value for

Even after the Democratic convention, Gov Michael Duka-kis was still a relatively unknown, who set no theme for his campaign beyond a promise of "competence". "If a candidate doesn't define himself, then someone eise will do it for him —especially in a year like this when there are

no major issues," says Mr Louis Pack, editor of Campaign & Elections magazine. The Bush managers did.

Bush managers did.

A barrage of negative advertising aimed at key states portrayed Gov Dukakis as "a weak kneed liberal, who is suffon defence, weak on pollution and happy to set criminals free," says Mr Pack.

The most effective Bush adverts, according to Pollster Lou Harris, excerted Mr Dukakis for the escape of a prisoner from a Massachusetts

weigkend historga programmie. One sulvert shows Mr Chilland Barnes, one of Mr Hurtun's vic-Sames, one of Mr Hotters we-time, talking grim-faced into the tamers: "For 12 hours I-was fication, stashed and terms-ised. My wife, Angle, was fire-ised. My wife, Angle, was fire-tally raped. When his liberal experiment tailed, Dukakis only looked away."

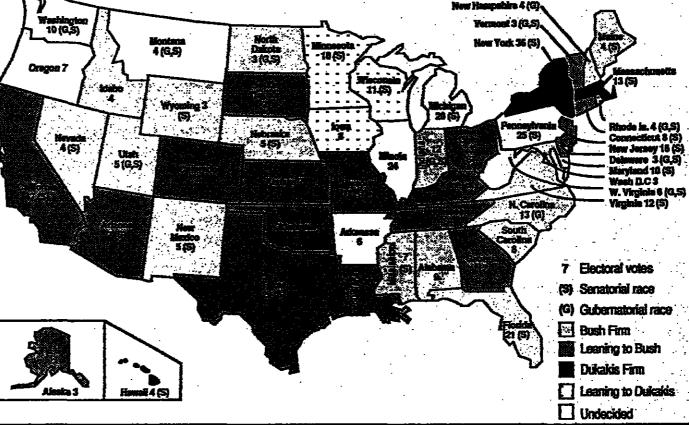
Although the vice president has issued few specific goals as president, he has set forth a theme, promising to continue the Reagan policies, while moving toward "a kinder gan-tler America." His media adviser, Mr Roger Ailes, has brilliantly melded commercials with made for TV-news appear ances. Meanwhile, the candi date is isolated from the press and kept mistake proof.

Gone is "the wimp," the inarticulate candidate who stumbles over words. "Feel

good" spots show Mr Bush leoking confident, tough, and loving as he romps with his grandchildren and expresses high-minded sentiments about American family values.

Both candidates have now introduced new ads trading charges that the other has been lying. One spot shows Mr. Dukakis turning off the television in disgust at an untrofficul Bush commercial.

The move has given heart has some Democrats, but not to like eral columnist Mary McGross. Having castigated Mr Bush for "garbage," she says, he has now joined the vice president. "in the sewer".



Electoral college votes: •Firm for Bush: 119 Leaning to Bush: 228

●Toss-up: 102

● Needed to win: 270 •Firm for Dukakis: 56 Leaning to Dukakis: 33

-	PRESIDENTIAL Electoral College		CONGRESSIONAL Seets up for election			PRESIDENTIAL Electoral College		CONGRESSIONAL Seats up for election		
State	votes	Forecast	Senate	House	State	Votes	Forecast	Senate	House _	
Alabama	9	BF	다. (국	D5, R2	Montana (G)	14 4	5 π j, 70 .	TD	DURTE TO	
Alaska	3	BL.	•	R1	Nebraska	5	· 8F	1R	R2, O1	
Arizona	7	BL .	. 1D	R3, D1	Nevada	4	BF BF	TR.	D1, R1	
Arkansas	6	· T	٠	D3, R1	N Hampshire (G)	4	ŠF.		R1, 01	
Catifornia	47	- BL	1	D28,R15,O2	New Jersey	16	BL.	TD	D5, R6, O2	
Colorado	8	BL		D2_R3	New Mexico	5	BF	.TD	R1, D1, O1	
Connecticut	8	BL	1Ř	D3, R3	New York	36	DF	10	D19, R12, O3	
Delaware (G)	3	81 .	1R	DIR	N Carolina (G)	13	ŝF	1D	D8, R3	
DC (c)	3	DF	•		N Dakota (G)	.3 .	8F	10 .	D1	
Florida	21	BF	10	D12.R6 O1	Ohio	23	BL.	1D	D11, R9, O1	
Georgia	12	BL		08, R2	Oklahoma	8	B£.		R2 D4	
Hawaii	4	DF	10	D1. R1	Oregon	7	T		DS, R2	
Idaho	4	BF		D1, R1	Pennsylvania	25	τ.	18	D12, R11	
Illinois	24	Ť		D12.R9.O1	Rhode is. (G)	4	DL	18 .	R1, D1	
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lowa	8	DL		R4. D2	S Dakota	3 ·	BL		Dí	
Kansas	· 7	BL		R4, D1	Tennessee	11	-BL	10	D7, R2	
Kentucky	9	BL	•	D4, R3	Texas	29		10	D17, R9, O1	
Louisiana	10	BL		D4, R4	Utab: (G)	5	BF	18	R2, D1	
Maine	4	BF	1D . ·	D1, R1	Vermont (G)	3	BL	10	01	
Maryland	10	BL -	1D-	D6, R2	Virginia	12	BF	10	D5. R5	
Massachsts	13	DF	1D	D9,01,R1	Washington (G)	10	Ŧ	10	D4, R3, O1	
Michigan	20	T	1 D	D11, R7	W Virginia (G)	6	T	1D	D4	
Minnesota	10	DL	1R	D5, R3	Wisconsin	11	DL	10	D5, R4	
Mississippi	7	BF	10	D4, O1	Wyoming	3	BF	1R	R1	
Missouri (G)	11	BL	1R	O1.D5.R3					·	

Dukakis behind in key electoral college states

THEORETICALLY it is possible for Vice President George Bush or Governor Michael Dukakis to take control of the White House without a majority of the popular vote. Indeed this has happened three times in American history, writes Stewart Fleming. Behind this anomaly lies the decision by the Constitutional Convention in 1787 that the President should be elected by

an electoral college, each state

having votes equal to its con-

gressional representation, two senators plus however many representatives it has. There are thus 538 votes. A candidate who wins the popular vote in a state carries all the electoral college votes. Since the Second World War

there has been a tendency for more and more states to vote consistently Republican. Since 1968, 23 mainly southern and western states, with 202 of the 270 electoral votes needed for victory, have voted Republican

This phenomenon, which has resulted in part from the divi-sions within the Democratic Party stemming from its commitment to civil rights in the 1950s and 1960s and the opening this created for the Republicans to break into the for-

merly solid Democratic South. has given the Republican Party a firm base from which to launch its campaign. Mr Kevin Phillips, a Republi-can political analyst, argues

that the history of post war elections suggests that once a Democrat begins to get close to a majority of the popular vote there is no Republican lock on the electoral college and that in tight races the decisive results come from several large states. It is the fact that Mr Dukakis has been unable to build a decisive lead in any of these states which leads analysts to believe the election is tilting so firmly in the direc-tion of Mr Bush.

How the public opinion pollsters sometimes get it wrong

Linda Bilmes explains how to tell a TV gimmick from a serious survey of voting intention

PINION polls have registered sudden shifts of support throughout the campaign. Why is it that these supposedly scientific measurements of public opinion are so erratic? Is the public just fickle, or are the polls imprecise? First, polltakers use different methods to choose a sample of vot-ers; that is, to decide whom to interview, and how many interviews to conduct. The design, size, and weighting of the sample determine how statistically accurate the poll will be. The sample size is deter-mined by working out the number of

lar persons, for example, working class men aged 18-25. To achieve high statistical reliability (a roughly 3 per cent margin of error), the sample should include at least 100 persons in each cell. If a polister wishes to break down the results into subgroups (sex, age, income, ethnic background, profession, locality, religion, party affilia-

"cells" of voters needed to analyse

the poil in a useful way. A cell refers

to a group of demographically simi-

tion, education, etc.), the survey needs to include 100 voters in each category - a sample of around 2,000. However, if a polltaker wants simply a tip-of-the-iceberg picture of the electorate, the sample can be very small - as few as 400 voters. Or, the pollster can reduce the number of voters in a cell, thus allowing some analysis, but increasing the margin of error.

Television networks often use mini-polls of this type because, (unlike the candidates' pollsters), they are looking for a headline – not an analysis. Polls are called "snap-shots" of public opinion — but a poll with a small sample is like a very fuzzy photograph - you can still make out the image, but you can't see the detail.

The problem with this approach is that, in a close race, the key to the election is tucked away in the very precise details. For this reason, most good pollsters scoff at the 500-interview polls that find their way into the nightly news programmes. Small sample polls are best used for "tracking" public opinion in restricted circumstances.

Another problem with small samples is that the pollster has to weight the poll to neutralise the effect of the electoral college. Even if a candidates polls 65 per cent of the vote in a state, the poll has to impose a 51

per cent ceiling.
In theory, the poll would need a sample of 5,000, (100 voters x 50 states) to poll each state accurately. In practice, the election will be decided by a handful of large swing states — so a good poll needs to include a full cell of voters in each of these states.

Because of the time and expense involved in polling, only the candidates' own pollsters are conducting completely thorough polls for this election. Mr Bush's pollster, Bob Teeter, is acknowledged to be one of the best in the US. Mr Dukakis is using saveral accurately and the polling saveral accurately accurately accurately and the polling saveral accurately acc using several reputable pollsters, including Tubby Harrison, Peter D. Hart, and the polling arm of Mar-

tilla, Kiley & Ço. Ordinarily, these polls interview between 2,000 to 3,000 registered vot-ers, and include every major vari-able. These polls "oversample" swing voters and voters in swing states, in order to analyse them in greater depth. The survey is conducted by telephone, using random numbers, until the quota in each cell is reached. After the data is in, the pollster weights the sample to reflect the actual composition of the elector-

Smaller polls usually interview 400 to 1,200 voters. They follow the same process, but may reduce the cell size, not weight for the electoral college. or use telephone numbers in a direc-

The second major reason why poll results differ is that pollsters may ask questions in a slightly different way, or ask different questions, or ask them in a different order. The standard polling question is: "If the election for US President were being held tomorrow, and the choice were between George Bush, the Republi-can, and Michael Dukakis, the Democrat, who would you vote for?"

This question is designed to take the proverbial snapshot of public opinion - at the moment. However, some polis ask: "Who do you intend to vote for this November?" or omit the party affiliation. By altering the questions slightly, the poll may elicit slightly different responses. For example, some observers feel

that the election may pivot on the voters' attitudes toward Dan Quayle. A poll that asks voters to choose between George Bush and Dan Quayle versus Michael Dukakis and Lloyd Bentsen may differ from a polithat only asks for the presidential

A survey can generate almost any desired response if the question is asked the right way - and both campaigns are not above sprinkling their polls with questions loaded to their opponent's disadvantage - to leak to

The third reason that poll results vary is that pollsters have different ways of interpreting the raw figures. For example, polls always claim to reflect the views of "likely voters".

But in a nation where only 80 million people voted in the last presi-dential election (out of 110 million registered voters, and 180 million voting age citizens) – how does the pollster predict who is likely to vote?

In fact, when elections turn out differently from what the polls predict, polisters usually attribute the discrepancy to voter turnout; the people who actually voted were dif-ferent from the electorate they had forecast. Se while small polls may simply rely on people to say whether they are likely to vote, most good pollsters have developed sophisti-cated, and lealously guarded formulas to predict voter turnout.

las to predict voter turnout.

As one prominent American pollster is fond of saying, polls are like
dogs - all the same species, but a lot
of different looking animals. Given
the variations, it is not surprising
that each poll yields different
results. For the average poll reader,
the trick is to read polls that have a
large sample, and that probe the
swing states - and to forget about
the rest.

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summit to discuss debt, drugs

By Gary Mead in Montevideo

SEVEN LATIN American heads of state are due to meet from tomorrow until Saturday in the Uruguayan resort of Punte del Este.

On the agenda will be discus-

sion of several common Latin American issues. Those include Latin American foreign debt, currently standing at \$420bn; measures to combat drug trafficking; consideration of environmental problems in the region; and a common atti-tude towards the end of inter-nal trade barriers in the Euronean Economic Community in

Leaders of Argentina, Brazil, Leaders of Argentina, Brazil, Colombia. Mexico, Peru, Venezuela and Uruguay will be present. The only absentes will be Panama, whose membership of the Group of Eight is temporarily suspended due to Panamaniam president Noriega's mainam president Noriega's failure to abide by the group's commonly-shared democratic principles.

Presidential elections are set

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for next year in four of the seven countries, and Mexico's President Miguel de la Madrid will hand over power to his elected successor in December. The Group of Eight is an out-growth of the Contadora Group, formed in 1983 to promote a peaceful political solu-tion to fighting in Central

America. Mr Luis Barrios Tassano, Uruguayan Foreign Minister, said the group would also be considering ways of reinvigo-rating the Organisation of

American States.
Diplomats said a document would urge industrial nations to dismantle protectionist trade barriers blocking the access of Latin American goods to the world's richest

• Mr William Rosenblatt. Assistant Commissioner of US Customs, said in Washington that other financial institutions besides the Bank of Credit and Commerce International (BCCI) were being inves-tigated for alleged drug money

laundering.

He could not disclose how many, or which, institutions were being investigated, he added.

Uruguayan | Chile business hopes rise

By Barbara Durr in Santiago

CHILE'S business confidence has been buoyed by the fact that General Augusto Pinochet's economic team headed by Mr Hernan Buchi, the Finance Minister, has remained intact in the latest cabinet reshuffle.

By not changing the team, the Government seems deter-mined to show that it will not-aiter its free market economic course during its remaining 17 months in office.

The Cabinet shift and changes at sub-ministerial level during the past week bave not even caused a momentary blip in Chile's sen-sitive financial indicators. The parallel dollar rate and the stock market remained stable.

Boosting business confidence as well was the record rise in international copper prices last week to more than \$1.45 per pound. Chile, the world's larg-est copper exporter, now

expects to have a trade surplus of more than \$2bn this year. One local report suggested that the London metals market, apart from reacting to Feru's mining strike and cop-per production problems in Canada and Zambia, was responding to political uncertainty in Chile following the defect of General Pinochet in the October 5 plebiscits. Copper prices rose throughout the month of October

month of October. Chile's copper bonanza may come in handy next year for filling in with public spending what the private sector may be too timed to invest. Medium and long-term private invest-ments are expected to be delayed because of business uncertainty about the coun-

try's political future. A number of economists suggest that Mr Buchi's 1989 budget, which was conceived with a victory for Gen Pinochet in mind and simed to tighten fiscal spending further, will now be loosened. Gen Pinochet indi-cated last week that the Government intended to place more emphasis on social

spending.
For the General, this comes too late. Nearly three-quarters of those who voted against him in the plebiscite are reported to have done so for economic rea-sons. Now, economists speculate, such fiscal open-handedness may be aimed at helping a conservative candidate win next year's presidential elec-

The most palpable result is expected to be a higher inflation rate this year and next.

Confirming the Government's "full steam ahead" order on the economy, Mr Her-nan Somerville, Chile's chief debt negotiator, said the country's repurchase of up to \$200m-worth of commercial bank debt would proceed as scheduled.

Wall Street inside trader sent to jail

A JUNIOR stock analyst at the Wall Street firm of Morgan Stanley was yesterday sen-tenced to three years' jail in one of the harshest sentences handed down for insider trading, James Buchan reports from New York

Mr Steven Wang, 24, pleaded guilty to fraud as part of a multi-million dollar insider trading scheme with a Taiwan-The sentence sent a chili

through Wall Street. The jail term is identical to the sen-tence imposed last December on Mr Ivan Boesky, the disgraced arbitrageur.
The three-year term shows a new severity in judicial treatment of insider trading. While at Morgan Stanley, Mr Wang allegedly provided tips on 14 companies, allowing the Taiwan businessman to reap \$19m in illegal profits.

should have it romping home

Greenspan warns on leveraged buy-outs

By Anthony Harris in Washington

MR ALAN Greenspan, Federal Reserve Board Chairman, expressed concern yesterday

the long-term health of the economy.

Both domestic and internaabout leveraged buy-outs, and "the risks these developments might carry for lenders and the economy more broadly". He hinted the Fed is caution-

ing member-banks about their direct exposure to the corporate debt involved in these buy-outs, and suggested Con-gress should examine the tax code to see if incentives to debt finance could be reduced.

These warnings were part of his written answers to the Senate Banking Committee, and released in Washington yester-

An underlying theme in his answers was the urgency of action to reduce the federal budget deficit, and to move the budget into surplus. This was necessary not only to correct the trade deficit, but to protect economy.

Both domestic and interna-

tional studies suggested the increase in government deficits was mainly responsible for the high level of real interest rates in the 1980s, he added.

He did not believe a move towards balance would reduce the importance of international market sentiment in setting US monetary policy. "The key factor is the high degree of international financial market integration rather than the net ebtor status of the US." As result, the exchange rate

must remain a leading consideration in setting monetary policy, but the defence of the dollar was not the main reason for recent Fed action to slow

monetary growth.

"The major factor was concern about a resurgence of inflation more generally."

Mulroney survives TV election debates

By David Owen in Toronto CANADA'S Prime Minister, Mr Brian Mulroney, survived the second of this week's televised election debates against his two main opposition rivals without serious mishap.

While Mr John Turner, the Liberal leader, again performed substantially above expecta-tions, the feeling was that Mr Mulroney had probably done emough to preserve the Conservatives' commanding opinion poll lead

Mr Ed Broadbent of the New Democratic Party (NDP) also acquitted himself well in English, having been severely handicapped by his linguistic limitations in Monday's French language debate.
By avoiding pitfalls, how-

ever, Mr Mulroney appears to have moved a step closer to securing a second consecutive parliamentary majority. Mr Turner, for his part, has considerably improved the Liberals' chances of hanging on to expect the party at last to rally around him after the infighting of recent months.

Mr Mulroney's US-Canada free trade agreement was again the principal focus of debate. The deal came under repeated fire from both opposition politi-cians, who claimed it could jeopardise Canadian social and regional aid programmes and turn Canada into a "pale rep-

lica of the US". Mr Mulroney was again given only limited opportunity to boast of Canada's rapid eco nomic growth during his first term in office. Abortion and child care were among the most frequently-mentioned subsidiary issues.

Mr Turner at one point goaded the Prime Minister into a heated - if futile exchange over patriotism, claiming that, by promulgating the pact, Mr Mulroney had sold his country out. Mr Mulroney maintained his composure, despite being discomfited on the subject of child-care programmes by Mr Broadbent's

Mr Turner, conscious that his political future is on the line in this election, was unremitting in his hostility to Mr Mulroney.

Viola brings fresh air to Buenos Aires

Gary Mead reports on the leading lady in the vital contest to become the city's next mayor

HE battle to become Argentina's next President has commenced, and the jousting will be rough. But another tournament is being fought out away from the glare of publicity, and its implications for the country's democracy are arguably as pro-found as a clean Presidential handover next May.

The contest in question is

who will be the next "Inten-dente" or Mayor of Buenos Aires and, more significantly, how will that person achieve office?

For a country which has lived under democracy for almost 5 years it comes as a shock to realise that the mayor of the capital is directly nomi-nated by the President, and not elected by almost 8m potential

voters living in the city.

The present incumbent, Mr Facundo Suarez Lastra, is a Radical Party man, selected by President Alfonsin. His term of office ends with the changeover of President next year. The next Argentine President could once again have a tre-mendous fieldom at his dis-

That could change if the national Congress passed a bill

THE HOLE

to introduce direct elections for Mayor. They were to have con-sidered such a proposal during their last session, but ran out

of time.

The bill may come up again.

Congress is evenly balanced,
with Peronists just having the
edge. The Radicals scent defeat in next May's Presidential elec-tion and are only too happy to see direct elections for Mayor of Buenos Aires. The last thing they want is a Peronist President who also controls such a powerful post. On the other hand Peronists believe they will win in 1989, so why voluntarily relinquish such a delec-table political titbit?

But considerable pressure is now being put on the Peronist Presidential candidate, Mr Carlos Menem, to back the legisla tion, in order to promote his image as a generous democrat. The argument runs thus: if he permits direct elections to the office of Mayor of Buenos Aires he enhances his public image and improves his chances of attracting floating voters who remain afraid of old-style Peronism. The incentive, therefore is to give up the

Mayorship of Buenos Aires for

the greater prize of Argentina.

What will influence Mr Menem is the number of votes he believes are already in the bag. In the middle of these calculations enters a woman with tremendous political ambition who is neither a Radical nor a Peronist, and who has the audacity to think she deserves to be Mayor of Buenos Aires.

Mrs Marie Estela Martinez de Peron, widow of General Juan Peron, has unexpect-edly arrived back in Argen-tina for a two week visit.

She has described the visit as being for purely personal reasons but local speculation is that she has come back to discuss the internal problems of Peronism in the

Even more astonishing, she is not trying to be a second Eva Peron but prefers Reaganism instead. Adelina Dalesio de Viola is, at 38, a leading light of the Union del Centro Democratico (UCD), Argentina's third larg-est party. The UCD, at classic

third place next May.

The UCD regards Peronism as being slightly more dangerous than the Four Horsemen of the Apocalypse, but without their redeeming speed.

Ms de Viola, who this week is on a fact-finding tour of West Germany, comes from

run-up to presidential elec-tions due to be held on May 14 1989.

The third wife of General Peron, "Isabelita" briefly ruled as president between 1874 and 1976 following her husband's death. She was overthrown in 1976 by a military junta and, after a spell in prison, has lived in exile in Madrid ever since.

what she describes as a typi-cally anti-Peronist middle class

"My family were always talking politics and complain-ing about Peronism but they Union del Centro Democratico (UCD), Argentina's third largest party. The UCD, in a classic espousal of the doctrines of Hayek, offers voters a version of Thatcherite economic toughness which, barring miracles,

She rejected the Radicals because not only is it "a macho party, it has no place for women," but more because "it has a structure which impedes the de-bureaucratisation of the country. Under the Radical Mayor of Buenos Aires the number of bureaucrats in the municipality has increased from 70,000 to 107,000. Both Radicals and Peronists feel they have to give jobs to party members once they have

achieved office".

Leading members of the
UCD were once happy enough to participate in earlier military governments, a point she acknowledges but throws back with an interesting statistic.

In the province of Buenos Aires during the last military dictatorship the Radicals had more than 120 mayors. There are no parties in Argentina which have not participated in coups. When we've had liberty there's been no order; when

order, no liberty.

The main thrust of her attack is against the waste of public money which in Argentina reaches scandalous levels. An example she gives concerns an amusement park, built in 1983, which she claims loses

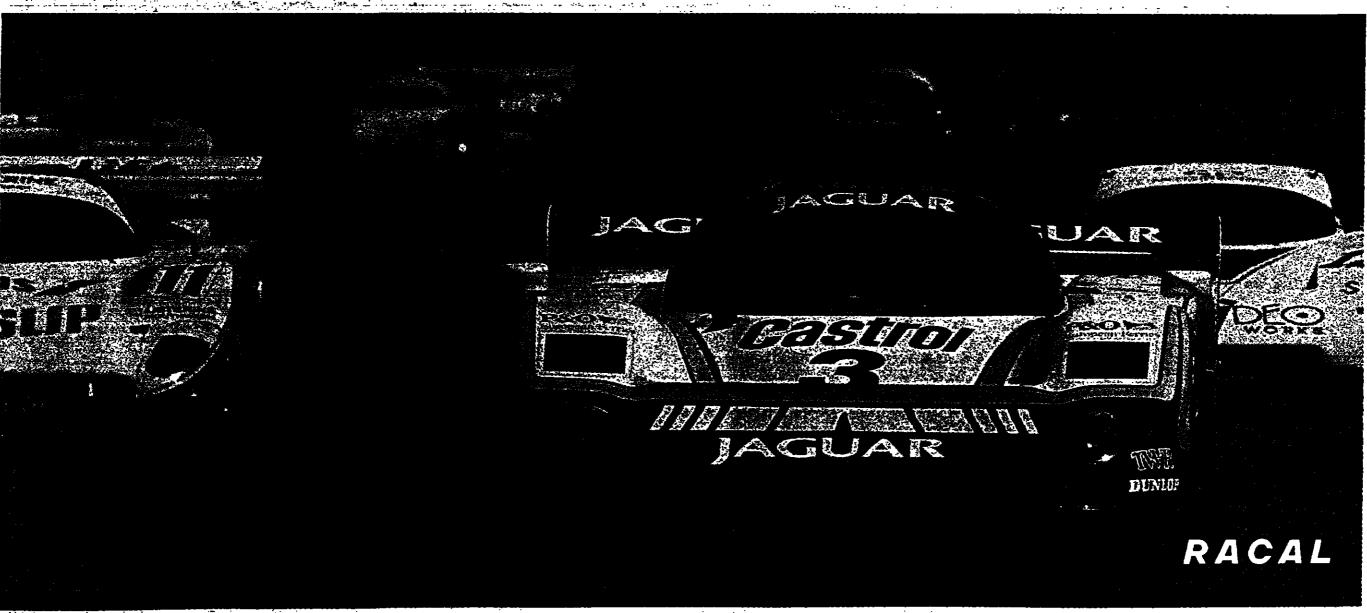
\$300,000 every month. She also criticises the construction of a school for circus training which costs the same as a primary school — when there is a shortage of primary education in the city.

Ms de Viola also loathes the

sort of Kafkaesque bureaucracy which prevents children from attending school without birth certificates, or the solicit-ing of documents from 70,000 people in 1985 in support of claims for re-housing – when only 500 homes were available. From her point of view "the less chance the Government has of making decisions, the less chance it has of being cor-

rupt".
She is optimistic that the Peronists will eventually permit direct elections for Buenos Aires's Mayor; and she is confident that her common-sense cost-cutting directness will win her not only that post, but ultimately that of President. That kind of confidence won

her 1988 "Woman of the Year" against such stiff opposition as Gabriela Sabatini. But with all the powerful vested interests in today's Argentina, con-fidence and the right ideas may not be sufficient.



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WORLD TRADE NEWS

a free trade zone

appears to be all the rage these

last month published a lengthy

Several prominent politi-

bilateral battles over individ-

However, on close examina-

tion, most of this praise turns out to be rather faint, and

many officials argue privately

that the idea is a non-starter

at least for the foreseeable future. The problem for the Japanese is that they cannot criticise it openly for fear they

will face accusations of being protectionist. Also, some offi-

cials see it as a useful tool to

use in trade policy discussions with third parties, notably the European Community.

Mr Mike Mansfield, the ven-

erable US ambassador to

Japan, is generally credited with having launched the idea

report on the subject.

ual trade issues.

Brussels delays action on 1992 car industry

By William Dawkins in Brussels

THE EUROPEAN Commission basic points. Mr Karl-Heinz Narjes, the Industry Commissioner, is understood to want tough conhas unexpectedly deferred for a week the adoption of a longawaited paper setting out its policies for the car industry for trols on Japanese imports and the run-up to the 1992 deadline for a single internal market. stringent regulations on local content, while other factions, Yesterday's full meeting of represented by Mr Peter Suth-

the 17-man Brussels body was set to adopt the paper, which is understood to propose the negotiation with Tokyo of an EC-wide limit to hold Japanese car imports at present levels, but is otherwise greatly watered down from earlier ver-

This sensitive discussion was put off because several Commissioners were otherwise occupied in a European Parlia-ment debate on EC institu-tional reform, said a Commission official.

However, the Brussels executive is also divided over the extent to which it wants to scrap the national technical and political barriers that have cushioned car makers from full competition.

Industry officials say the final version of the paper is far less specific than earlier drafts. leaked last July, because the commission has found it ment of a single EC-wide type-impossible to agree several approval for cars, say officials. leaked last July, because the

Bradley calls for ban on subsidies to **Soviet Union**

By Nancy Dunne in Washington

SENATOR BILL BRADLEY, a New Jersey Democrat and a key Senate leader on interna-tional economic issues, yesterday proposed that the Western governments agree to prohibit all subsidies and guarantees for and special deals with the Soviet Union.

The issue of Western bank lending should be placed at the top of the agenda for the next economic summit between Western leaders, he said. Planning for such discussions must here in immediately. said. Finning for such discus-sions must begin immediately. Senator Bradley said that all trade subsidies to the Soviet Union should be banned including the subsidies the US provides on its grain. He was speaking to journalists one day after West German businessmen accompanying Chancellor Helmut Kohl to Moscow signed 30 contracts worth

more than \$1.5bm. Deutsche Bank AG has extended Moscow a seven-year \$1.7bn credit line at prevailing market interest rates. Western loans to the Soviets

now estimated at about \$40bn - ought to be based on "hard facts" about the Soviet economy, which are currently unavailable, he said. He proposed requiring increased "transparency" in lending, and improved data collection by the Western nations.

Senator Bradley, a moderate Democrat often mentioned as a potential presidential candidate in 1992, has in the past joined in an alliance with congressional conservatives to express his concern about increased lending to the Soviets. However, his interest apparently centres more on the economic risks involved than worries that loans would be spent on the military.

"How can you determine the wisdom of an investment without knowing the Soviets' over-all indebtedness?" he asked. He said the Soviet budget defi-cit had been estimated at about 30% of revenues, a sum equal to a \$250bn US deficit. Lending to the Soviets by European banks is rapidly increasing. Eventually, the demand for capital will come into competition for loans from the Third World.

HE IDEA that Japan anese Prime Minister, visited and the US should form Washington.

The Canada-US free trade agreement (FTA) had just been days. At least four Japanese government agencies are studying it, and the US Inter-national Trade Commission signed, and so the notion was in everyone's mind. Mr Robert Byrd, the Senate Majority Leader advanced it publicly, claiming that the negotiation of such an agreement would provide an opportunity to set-tie all bilateral trade issues for cians and government officials on both sides of the Pacific once and for all rather than have expressed enthusiasm for the idea as a welcome alterna-tive to the seemingly endless carry on with the frustrating business of endless single sector negotiations. The Japanese all nodded their heads and said what a good idea it was and how they must study it.

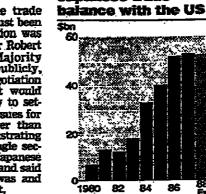
Within a few months, nowever, some less than enthusias-tic reactions began to leak out of the Japanese Government.

In June, an official of the foreign ministry, which is studying the Idea, was quoted as
saying that the huge differences between the Japanese and US business cultures would make such an agreement extremely difficult to achieve. Canada and the US, he pointed out, have cultures that are very similar and, Quebec excepted, share a common language. Yet they have had enormous difficulties concluding

some years ago. It found new their agreement.
support early this year when Moreover, the official said, Mr Noboru Takeshita, the Japsuch a pact would inevitably

Japanese trade balance with the US

Doubts grow over Japan, US trade plans



be seen by Japan's Asian neighbours and by Western Europeans as a threat to them. Privately, some US and Japa-nese officials, who are worried about the protectionist drift of thinking on external trade in Western Europe these days, rather like the idea of threatening the Europeans.

In August, an official of the Ministry of Finance, which is also carrying out a study. expressed concern about harmonising such an agreement with rules of the General Agreement on Tariffs and Trade (Gatt) and on how such knotty problems as Japan's agricultural protectionism

would be dealt with. Other Japanese officials have pointed to more fundamental problems. For example, if there were to be a free trade agreement, the US would presumably have to lift its import controls on a wide range of Japanese goods, including steel, automobiles and machine tools. If it did, that would tend to exacerbate Japan's already

to exacernate Japan's arready gigantic trade surplus with the US, which reached \$52bn last year and is running at a similar level this year.

Japanese officials are hard pressed to think of much more by way of concessions they could make that would help US exports to Japan. Japan's hisexports to Japan, Japan's tar-iffs are already low or non-exis-tent on most products. Most of the remaining non-tariff barri-ers are cultural in nature, such as the tendency of Japanese companies to prefer dealing with each other rather than with outsiders, and so are difficult to deal with in a free trade agreement. Even if Japan's rice market were opened, most ana-lysts in Japan believe the main beneficiaries would be south east Asian preducers, not US ones. "Perhaps Senator Byrd thinks he will sell us some coal

from West Virginia," one official said. Thus, the Japanese were

Ian Rodger argues that there is little commitment to removing bilateral tariffs relieved when Mr William Verity, the US Commerce Secretary, said in a speech in Tokyo in early September that while he agreed with the goal of establishing a free trade agreement, "I am not sure that an FTA is the answer right now.

The US International Trade Commission followed a few weeks later with a report that concluded that it would be "difficult, if not impossible for the US to enter into a free trade agreement with Japan. It recommended that the idea be approached with caution.

Japan's Keidanren, the pow-erful federation of industry associations, also expressed a similar view at the end of September. It said Japan should make more efforts independentily to open its markets for foreign products as a way of stemming regionalism and protectionism in the world, the report said. The government should also focus its attention on making the Uruguay Round of the Gatt trade liberalisation talks a success rather than thinking about a US-Japan free

However, such reports are unlikely to put an end to dis-cussion on the idea. As Mr Verity said, "I think the merits of a US-Japan FTA need further

Jaguar leaps ahead in US as others slip back

By Kevin Done, Motor Industry Correspondent

JAGUAR, the UK luxury car maker, is the most profitable car franchise in the US according to a study made by the National Automobile Dealers

Association (Nada) of the US. The profitability of many of the US dealer networks of the luxury European marques, such as BMW, Porsche and Mercedes-Benz has been hit hard by the sharp drop in sales volumes in the past 12 months, but according to the Nada report Jaguar dealers have not suffered from the same decline.

The Nada figures, based on the first-quarter results of a sample of US dealers, show the dealership net profit for the group of European luxury car importers had plunged by more than 50 per cent in the first quarter of 1988 compared with the corresponding period a

erland, the Competition Com-

missioner are keener to see a

more open competitive envi-

Instead of resolving those

differences, the current draft of

the paper steers clear of sev-

eral important questions, say industry officials.

eral national controls on Japa-nese car imports should end,

neither does it indicate a per-

centage of sales value figure for the amount of local content needed to allow free market

by Japanese companies.
The lack of clear EC local

content rules lies at the heart

of the present row between the

UK and France over whether British-built Nissan cars

should be treated as European

Nor does the new draft set

cess to cars built in the EC

It does not define when bilat-

year earlier Nada said BMW dealerships had been particularly hard hit Net profit as a percentage of sales at Volvo dealers fell on average in the first quarter this year to 1.8 per cent from 3.1 per cent, while the average Mercedes-Benz dealership saw its net fall to 1.5 per cent from 2.6 per cent.

Only Jaguar outlets managed to reverse this trend with the average dealership returning a 4.6 per cent net profit compared with 4.4 per cent a year earlier.

Brazilians may relax nationalist computer law

By Ivo Dawnay in Rio de Janeiro

BRAZIL'S protectionist computer law enters its fifth year this week with the domestic industry fighting a rear-guard action against mounting criticism of the policy both at home and abroad.

The new constitution has confirmed the exclusion of foreign micro-computers from the Brazilian market, but clear sig-nals have emerged in Brasilia that the government is seeking to improve access for foreign-

In recent months, President Jose Sarney has ordered the industry's regulatory body, the National Informatics Council (Conin), to report directly to

his executive offices.

Moreover, in two symbolically important decisions, Mr Saulo Ramos, a key presidential adviser, has overruled the Special Informatics Secretariat (SEI) to deem companies with minority foreign participations national" for the purposes of

SEI, the state agency responsible for day-to-day control of the sector, has long been attacked by critics of protectionism as unreasonably nationalistic in its interpretation of the law. Recently, however, the Secretariat has improved the speed of its rul-ings and proved more flexible in relation to foreigners.

Analysis now speculate that the long-running trade dispute with the US over the informatics law may have proved a watershed in the battle between fiercely nationalist domestic manufacturers and those seeking easier access to foreign products.

Israeli arms industry buoyant

By Andrew Whitley in Jerusalem

THE ISRAELI defence industry has grown from humble origins as recently as 1985 - the end of Israel's prolonged Leba-non war - to a business worth an estimated \$400m this fiscal

As well as acting as an important supplier to the US armed forces is suel is the largest foreign participant in the US Strategic Defence Intitiative (SDI) programme.

The latest export figures were disclosed this week by Major-General David Ivri, Director-General of the Defence Ministry, at a confu-ence in Tel Aviv on US/Israel defence co-operation. Participating in the four-day event are some 300 industry and gov-

ernment officials. Final contracts are, meanwhile, expected to be signed over the next few days on a major re-equipment pre-

COMPANY NOTICES

gramme for the Israeli Navy, on which the Ingels Shipyard, a division of Litton Industries. will be the main contractor. Valued at \$1.26bn, the programme covers the construc-tion in the US of three cor-vette-class missile boats -

designated by Israel the Saar V and two Dolphin-class, dieselowered submarines to be built a West Germany. Lt.Gen James Abrahamson, the director of the SDI programme, told the Tel Aviv con-

ference that Israel had become the largest foreign participant, with contracts already awarded totalling \$165m. The buik of this expenditure has gone on the US share of work on the Arrow anti-tactical ballistic missile project being developed by Israel.

exotic projects as "short-range chemical laser" said Gen Abrahamson

By coincidence, Mr Frank Carinoci, the US Defence Secretary, arrives in Israel next Wednesday on a three-day visit intended to underline the continning strength of bilateral military ties.
These have remained strong

despite occasional quarrels over US military sales to pro-

Western Arab states, and the filegal acquisition by Israel of certain types of sophisticated US military technology.

Interviewed by Israel Radio from Washington, Mr Carlucci went cert of his way this week to believe entire criticism of produced for ownering arms. stic missile project being attacked for opposing arms eveloped by israel. sales to Arab states by stating Among a sprinkling of that he would continue to supsmaller research contracts on port the provision of \$1.8bn in SDI-related work are such annual military aid to Israel.

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notice is hereby given that for the interest period from October 26, 1988 to January 26, 1989,

the Notes will carry an interest rate of 8.575% per annum.

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MALL GALLERIES

the Mall Swi. Art Exhibi ton - A cristantion of the Law - created by 35 artists from the North of England. Wed 19th - Sat 29th Care-ber. Adm. fron, works for

REFURBISHMENT

The Financial Times proposes to publish this survey on:

16TH NOVEMBER 1988

For a full editorial synopsis and advertisement details. please contact:

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or write to her at:

Bracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES

Terry Dodsworth examines the UK electronics group's product innovation

made a surprising claim for a

British company.

"We are beginning to see a shift away from US and Far Eastern innovation towards Buropean products," said Stephen Goldberg, its chairman, "We see ourselves as a UK leader in product innovation with the aim of building on this lead to exploit the opportu-nities that will be presented to Europe in 1992."
Goldberg is not talking about the kind of innovation which leads to a Walkman or a

compact disc player. But he is, compact use player, but he is, nevertheless, an innovator, and he has developed a number of products which are based on semiconductor power. The way that these ideas have been brought to the market underscores the development of what American are ment of what American academics have termed the "hollow corporation" - companies which develop and market electronics products in the

West, but manufacture them in

n its recent report to the Far East.

shareholders, Andio Fidelity, a small, rapidly growing UK electronics group, computer groups that hought components in Japan and the components in Japan and the computer groups that hought components in Japan and the computer groups that hought the computer groups that hought the computer groups that the computer groups the computer groups that the computer groups that the computer groups the computer groups the computer groups that the computer groups the assembled them in the US. It has since been used to describe large companies in both the US and Europe which use the lowcost areas of the newly indus-trialising countries of the Far East to manufacture parts of

East to manufacture parts or their product range.

Another approach is that of Amstrad, which looks for an established piece of equipment and then designs a low cost variant manufactured in Hong Kong or South Korea. Audio Fidelity has developed the concept in a slightly different lashion. Rather than concentrating on established designs, it seeks to come up with a constant stream of new ideas for small electronic codideas for small electronic gad-

gets to be sold in catalogues and gift shops. Up to now, this sort of business has been dominated by companies originating in the Far East, which conceptualise and sell their products directly to the West. ket almost by chance. He was on an overseas family trip and noted his wife's irritation with the constant problem of cur-rency conversions. From that came the conviction that thousands of travellers would like a simple and rapid way of translating back into a familiar denomination. His solution was the X-Changer, a small, dedicated currency converter that has sold im units since its

launch for £5.99 in 1986. The impact of the X-Changer gave Goldberg and his partner, Iain Burton, the impetus to develop other of their own ideas. Next came the Calorie Counter, another dedicated calculator to monitor calorie

There is a Parkalarm, which a motorist programmes to alert himself to his meter time, a musical calculator for children, musical calculator for children, replete with characters from Disney and Thomas the Tank Engine, and, most recently, an electronic language translator.

The language device, marketed at £28.95, represents a move upmarket into a higher price range, and already has

competitors. But Goldberg claims that it is cheaper and more flexible than its rivals, with eight languages in its memory. A recent launch in the innovations catalogue, he says, brought in 8,000 orders in a weekend.

Virtually all of these new electronic gadgets have up to now originated in the minds of the Goldberg-Burton team, who have another 10 under of an idea, they then put it over to an in-house electronics engineer, who turns it into a design and fits the electronic circuitry together. Once they have a working system, they take it to Hong Kong and find

company to manufacture it. Originally, Goldberg says, he tried to arrange for production in the UK. "When I developed the X-Changer I wanted to make it over here as well," he says. "It was a frightening experience. I went to everyone in Britain I could find and they were either not interested, or could not understand the prod-

The economics of manufac-turing in the Far East are undoubtedly attractive. A product such as the children's calculator, for example, costs
Audio Fidelity about £1.20 to
import into the UK, and can be
sold on to the distributors for
approximately £3. Even a more
expensive item, such as the electronic translator, can be made for as little as £8.50, giving the group a margin of around £6 to £7 when it is sold

to the marketing company. At the same time, develop-ment costs in the UK are not high for the type of gadgets that Audio Fidelity has mar-keted up to now. Goldberg calculates that the company is putting only about £25,000 worth of capital at risk on the research and development stage of each project. As a result, it pays to carry this out in the company, where management can keep a close eye

on the design. The future for this kind of transnational operation is obviously bound up with compara-tive production costs, currency issues, and manufacturing flex-



For the time being the advantage on these grounds lies easily with the Far East -Goldberg, for instance, has recently been looking at a different type of electronic prod-uct which would cost about

\$250 to make in the UK and \$125 in Hong Kong.
But over the longer term, there is a risk in becoming totally dependent on such a structure, particularly in an innovative industry where suc-

cess depends upon the fragile ability to come up with new ideas. As a result, Goldberg and Burton have launched a series of diversification moves in the last 16 months, including the reverse takeover which brought the quoted Audio Fidelity loudspeaker manufac-turing organisation into the group, and a number of acquisitions in the gift distribution

worked, with profits up by 66 per cent last year to £1.35m, and plans for a further diversification into mobile telecom-This is not to say, however, that the electronic gadgetry business is as yet under ques-tion. Financially, it is still producing the goods, and Gold-berg seems quite confident that the company can keep coming up with new ideas to stimulate the market for some

So far, the policy has

"WHY WOULD anyone deliberately walk into a museum to be exposed to advertising?" asked the doyen of American radio comedy, Stan Freberg, of the Museum of Broadcasting's exhibition of Young & Rubleam's commercials. But so integral was advertising to the devel-opment of radio and television that the real surprise is that the New York

museum has never featured commer-cials in its 13-year history. Radio advertisers in the US not only pay for programmes (through commer-cials or sponsorship) but in the heyday of radio and the early days of television actually produced the shows. Their stranglehold on the broadcast day came

strangiehold on the broadcast day came to an end only as commercial time grew so expensive that no single advertiser could afford to pay for a whole show.

The museum chose to feature the work of Young & Rubicam because it goes back to the early days of broadcast advertising in the 1920s. It remains, as its chairman Alex Kroli points out, the only agency among the ton ten which is only agency among the top ten which is still operating continuously and autonomously and is "not merged or sub-merged, but owned by its employees."

Robert Batscha, president of the museum, felt that because of its long history and diverse clientele, Y&R reflected the mirror advertising holds up to society both in changes in adver-tising and in agencies' relations with

The exhibition shows, for instance,

Museum of Broadcasting takes a nostalgic look at advertising

that it was only in the 1970s that blacks started to play more than a stereotyped role in commercials, while women evolved from daring, distant, alluring sexual objects in 1950s eigarette ads to independent-minded customers who, while they may still do the household washing, respond to the soap powder slogan: "Because there's more to life they have described in the soap powder slogan: "Because there's more to life

than laundry."

The three-month exhibition, which ends in January, certainly illustrates how an agency's work for a client changes over the decades, but it also shows how much it remains the same. In 1934 Y&R stumbled into a five decade tradition with Jell-O, America's biggest selling brand of jelly, when it had to sponsor an unknown comic called Jack Benny in an unfashionable Sunday evening radio slot; Benny and the time were the only ones available. The combination became a national institution

which lasted for eight years. By the 1960s, the relationship had moved on to television where, in one of the most memorable of the 600 commercials in the exhibition, Jell-O introduces new flavours of gelatin with Benny's

sidekick imitating President Kennedy.
In the past few years Bill Cosby has replaced Jack Benny with a new style of self-effacing pixilated humour which has helped to establish the Cosby persona — making Cosby as popular as Benny was in his day.

The 1950s seemed to be a period of straightforward salasymanship. The

straightforward salesmanship. The Goldbergs, which moved from 20 years on radio to television in 1949, was sponsored initially by Sanka decaffeinated coffee. In a preamble to each programme, Molly Goldberg tells the audience about the product in the tone of wide-eyed innocence conveyed in the series's account of a first generation Jewish family in the Bronx. Even the show's identifying logo has Sanka unob-trusively included on the pot where a sunflower grows in Molly's window. The 1960s turned to irreverence and

sauciness. The comedy team of Mike Nichols and Elaine May did a live commercial for General Electric. She played a viscount's daughter in a romantic meeting with a refrigerator salesman who describes each feature of the machine suggestively, if not lovingly. In a macabre Travelers insurance ad, the family learns that the deceased left his money to his secretary, followed by the slogan: "Don't wait for a windfall." Featured Y&R work in the 1980s

includes numerous Ford Motor commercials using rock 'n' roll songs from the 1960s and 1970s. One 1985 ad for the Ford Sable has a voice like Bette Mid-ler's singing "Do You Wanna Dance?". This is the subject of litigation; Bette Midler considered that the imitative

voice damaged her reputation. Highly sophisticated ads with sharp images and vivid colours have been used for old-fashioned sentimental pitches for Hallmark greetings cards and long distance telephoning. Babies, music and slogans abound, while commercials have gone from a minute to 30

seconds and now to 15 seconds.

"Proud and flattered" that the museum chose Y&R, Alex Kroll thinks the exhibit has had a great impact on the agency's employees. "It helps to emphasise our continuity and show the character and style of Y&R." He defines the agency's style as "wooing rather than bludgeoning people," a reflection of the view of Raymond Rubicam, one of the first creative people to found a major agency. The exhibition is also a terrific ad for the agency itself, especially in an era when agency identities are as mutable as campaign slogans.

Why Unilever wants Britons to eat more pasta

Christopher Parkes on plans for Ragu sauce

R agu spaghetti sauce, the hidden gem which the hidden gem which gne market is worth only 250m, it has been growing at 10 per cent a year for the past body lotions of Chesebrough-Pond's after last year's take-over, is to be given a chance to

shine in Britain. The Anglo-Dutch multina-tional's Brooke Bond Oxo subsidiary has promised a £5m promotion for four Ragu varieties, starting with a £2m advertising blast in December. Despite BBO's bullish extrapolations – which suggest that today's £15m market could be expanded to more than £170m – the product and its promoter are moving into a sparsely populated and under-developed part of the grocery

Only the Japanese, among developed nations, eat less pasta than the British. The West Germans and French eat

gne market is worth only £50m, it has been growing at 10 per cent a year for the past five years.

Pasta is a fragmented, com-

modity-style business in Britain, with few established brand names, but BBO believes it can be grown fur-ther on the back of promotion for branded sauces. The current sauce market

leader, Dolmio, a Mars prod-uct, was greeted with open arms by retailers last year, and named the second most successful product launch (after the Mighty White loaf) in a survey by the marketing group KAE Developments.

Mars accounted for most of the 52 5m promotional spend

the £2.5m promotional spend on the sector last year and accordingly won a respectable chunk of the overall trade West Germans and French eat which is expected to top £24m five times as much. Still, even by the turn of the year.

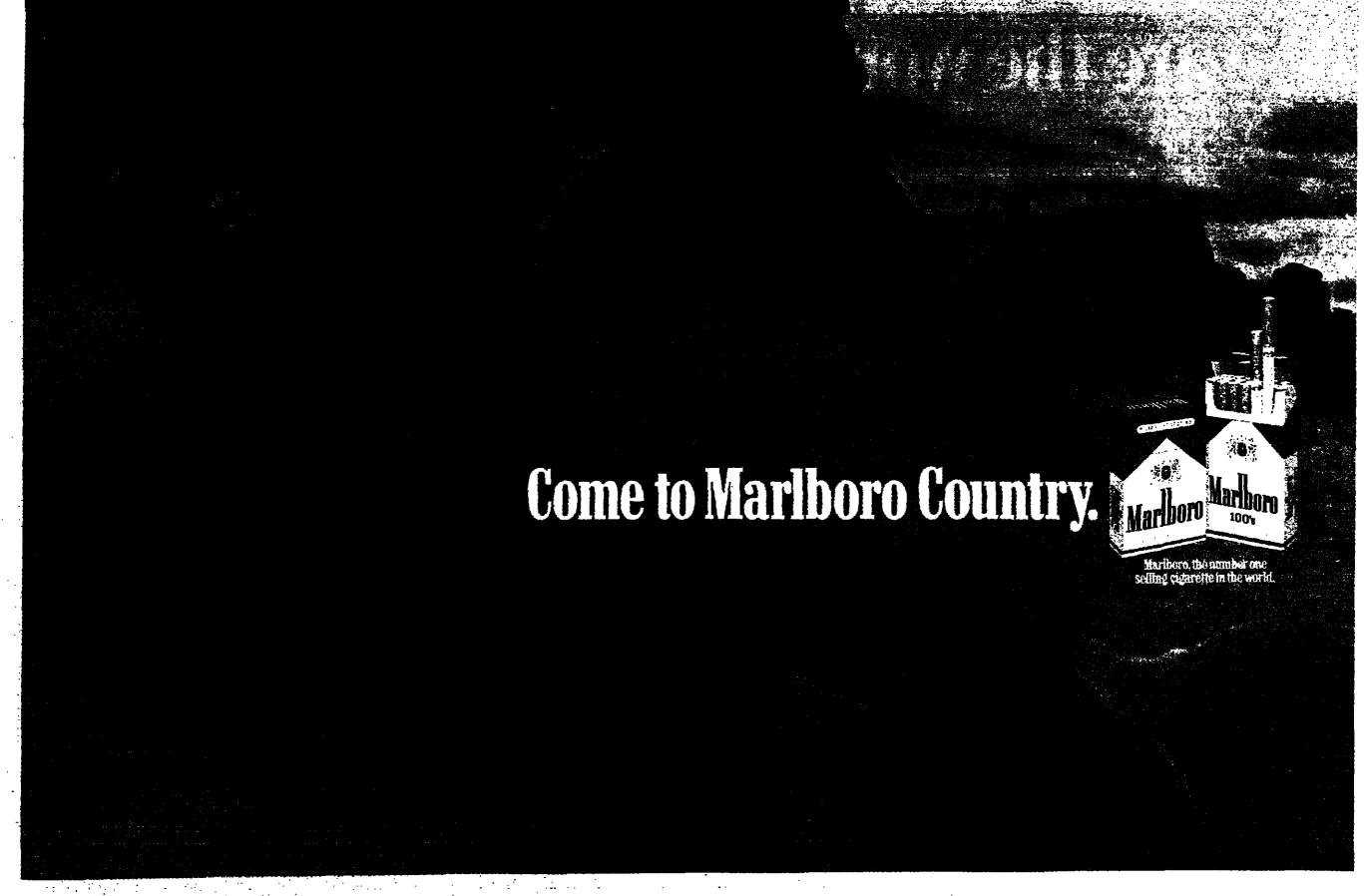
With £5m investment in Ragu. John Stuart, Brooke Bond Oxo's new product marketing manager promises, pasta and sauce sales are due

to "rocket".

There are dangers in drawing on US experiences and trying to transpose them into the trickier UK environment, but some of the optimism may be justified, to judge by the latest figures from over the water.

Last year Ragu accounted for 53 per cent of the \$1bn US pasta sauce market. After pasta sauce market. After spending \$14m on the brand, 24 per cent more than in 1986, Chesebrough's packaged foods business cranked up 13 per cent sales growth and logged a 23 per cent increase in net

At anything like those rates, Ragu could prove a fitting bed-fellow for the Oxo cube, that most venerable and profitable of all grocery products.



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Tet Notes de l

TECHNOLOGY

Opening up channels of information

Della Bradshaw reports on the growth of data broadcasting

t is difficult to imagine that between the seemingly continuous televi-sion pictures of, say, the evening news there is enough space to broadcast all sorts of other information. But businesses in Europe are beginning to profit from that facility.

In Britain, companies are already using a service which broadcasts their computer information from one central point to many recipients (point-to-multipoint). It uses spare capacity on the four BBC and IBA television channels.

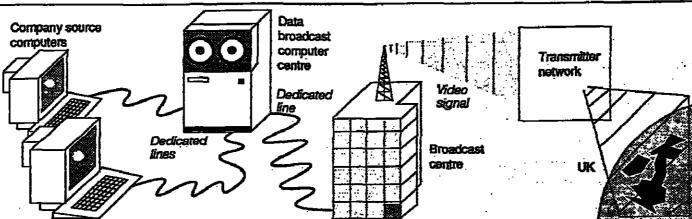
The data is squeezed into parcels of information which are transmitted on the space between the frames of the tele-vised picture, called the vertical blanking interval (VBI). The service is known as data broadcasting or subscription

A similar point-to-multipoint service, but using commercial broadcast satellites instead of terrestrial transmitters, could be in operation in the UK within a year. The Department of Trade and Industry announced yesterday that it was awarding licences to six organisations to run such a

The first companies to recognise the commercial benefits of data broadcasting in the UK have been bookmakers, including Ladbrokes and Mecca. They send information about runners and riders, betting odds and race results from their central computer to shops around the country. The infor-mation is displayed on screens in a videotext format, similar to that used by Ceefax, Oracle and Prestel.

The stock exchange also uses data broadcasting to transmit information on securities and stocks – in a service called Market Eye – to individual shareholders who want to keep in touch with the financial markets. Reuters has a Citywatch financial update information service which is also broadcast using the VBL

However, Aircall Teletext, one of the two companies offering nationwide data broadcasting in the UK, believes that this sort of one-way communications service has much wider



applications. Clive Landa, the managing director, says that large businesses could cut their communications bills by 10 per cent by switching to data broadcasting from tradi-tional cable-borne methods.

The established services mainly involve lines leased from British Telecom or Mer-cury, or private networks linking company sites. But this gives two-way data transmission, which is often unnecessarily expensive for information services. In addition, most ages have to be sent to each recipient individually, rather than being broadcast.

Landa thinks that data broadcasting could be used for sending stock availability between manufacturers and distributors, or for organisations which send out daily cir-culars to their branches.

The tariff structure offered by Aircall and Datacast, the second national operator and part of BBC Enterprises, favours customers transmit ting information to a large number of destinations. That is because the information is always broadcast nationwide, regardless of the number of customers authorised to

The main difference between the open teletext systems, such as Ceefax and Oracle, and data broadcasting is that signals from the latter can only be received by customers who have acquired a decoding unit

different speeds used for data broadcasting: ● Packet 31 sends one line of information at a time and and have subscribed to the spetakes less than a second;

Data is squeezed into parcels of information which are transmitted between the frames of the television picture

cific service. Market Eye, which is broadcast on the Datacast service, costs the end user about £1,000 a year, including rental for the decoding unit. With most other services the decoder box is sold separately at about £250.

Another advantage of data broadcasting over open tele-

• Multipacket broadcasts large chunks of data at a time and takes up to nine seconds.

Datacast uses the Packet 31 standard whereas Aircall provides a hybrid service. Aircall uses the VBI channels on the two IBA television channels;

text, according to Stephen Cas-tell, business development con-

sultant at BBC Enterprises, is

that the services are almost instantaneous - they do not have the time lag associated

with calling up a page on Cee-fax and Oracle. There are two

Datacast broadcasts on the two BBC ones.

Although data broadcasting

has been pioneered in the UK, veral European countries are planning similar services. In France, France Telecom and the Agence France Presse are running a subscription news service called Polycom using data broadcast techniques. In Sweden and Norway data broadcasting trials are also

iaking place.

The European Commission is planning a study into the appli-cations of such services in Europe. UK companies hope that this will eventually lead to a pan-European data broadcasting service.

Two UK companies, Independent Radio Features (owned by the London Broadcasting Corporation and Telerate) and Case Radiotext (part of the Case data communications company), have been licensed to offer data broadcasting ser-vices on radio transmitters in the London area.

IRF uses the LBC radio transmitter to broadcast mun-cial information to customers with a hand-held terminal. itter to broadcast finan-

COMPANIES that use the existing terrestrial data broadcasting services send their information along a dedicated telephone line to the data broadcast company's computer centre.

A second line to a duplicate computer centre is usually required in case the main computer breaks down or the

telephone line is disrupted.

Al the centre, the data is packaged, inhelied its identify whose data it is) and put into code to ensure security. It then goes into a queue according to customer priority and

contracted response time.

Next the data is inserted into the television video signal for transmission alongside ordinary television pictures.

The information can be received by any television set which has a decoder and where there is authorisation. to receive the service.

Most types of personal computer and computer system can also receive the data. With this method, the information can be stored and processed for analysis or for incorporation

services.

BSB, which is planning to launch two broadcast satellites, has been chosen by the DTI as one of the operators of satellite communications services. Patrick Scott, managing director of satellite services for BSB, believes that only when the greater data capacity on DMAC satellite transmissions becomes available will the market for data broadcasting

really grow. He maintains that it could become a mass market, as decoders for BSB — which will be bought by domestic subscribers to receive television pictures — will incorporate a 9.6 kilobit per second data part for receiving data sent along-side television pictures.

Scott says that on the first BSB satellite there will be the

capacity to transmit three

Case will transmit financial megabytes of data per second Case will transmit financial information via the Capital Radio transmitter.

Other services will be available next year, either on a possible fifth terrestrial broadcast channel or through the point to-multipoint communications services.

BSB, which is planning to launch two broadcast satellites, has been chosen by the

director of Direct Broadcast Satellite Systems, believes the services will prove much cheaper than the traditional communications methods for text transmission. In will cost around 250 a page for facsimile going up and a penny for each copy coming down.

Lames that although the satellite services will be cheaper, the terminals will be unore expensive in the filod each. This will make terrestrial data broadcasting more economical

broadcasting more economical for breadcasting to many addresses. But he acknowledges that for companies wanting to send high volumes of data to a small number of recipients, satellite transmission would be the most suit-

The rigorous cultivation of a natural drug



ew new companies have the good fortune to be launched four days after a board member wins a Nobel Prize.
Sir James Black, a director of Scotia Pharmaceuticals, won the Medicine Prize last week for his work in the 1960s developing two of the world's best selling drugs, ICI's propranolol (Inderal) for heart disease and Smith Kline & French's cimetidine (Tagamet) for stomach ulcers. The award ensured a good attendance and favourable publicity for Scotia's launch.

In some ways tiny Scotia is quite unlike the giant pharmaceutical companies where Sir James did his prize-winning research. While ICI and SKF concentrate on developing synthetic drugs to correct defects in the body's biochemistry, Scotia searches for natural substances

which will improve health. Scotia is the pharmaceutical subsidiary of Efamol, a privately owned company with research and manufacturing bases in the UK and Canada, which sells health food supplements worth £6.5m a year in 30 countries.

As Sir James says, many orthodox medical researchers are suspicious of Scotla's concentration on natural products "because there is a feeling that it smacks of folk medi-cine." But he emphasises that the company follows the best practices of the modern pharmaceutical industry. "The elements of the strategy are that your ideas begin in the clinic, you illuminate your research with clinical studies and you proceed through rigorously controlled clinical trials."

Scotia's first product is a treatment for the common skin disease

atopic eczema, called Epogam, which contains oil extracted from evening primrose plants. It has just received a pharmaceutical licence from the Committee on Safety of Medicines (CSM), the UK Govern-ment's regulatory authority. So doctors can now prescribe Epogam cap-sules on the National Health Service - and patients will be able to obtain a month's supply for the standard NHS prescription charge of £2.60 instead of paying £25 or so

at a health food shop. The company presented the CSM with results of clinical trials carried out with 350 patients at 10 medical centres, which showed that evening primrose oil is effective at relieving the symptoms of eczema, particularly the itching that drives some

sufferers to a frenzy. The active ingredient in Ruceau

is gamma-linelenic acid (GLA), a compound made naturally in the body from an essential nutrient called imoleic acid which is plentiful in the human diet. Studies by dermatologists such as Dr Stephen Wright of the London Hospital show that some exzens patients have a metabolic disorder which prevents them making enough GLA. This deficiency, which has adverse effects on the skin, can be corrected

by swallowing Epogam capsules. Scotia scientists believe that GLA deficiency may cause other inflammatory diseases besides eczema including some forms of riseumatoid arthritis. They are accumulating clinical data to show that evening primrose oil can alleviate lik rang-ing from the complications of diabetes to premenstrual tension and chronic alcoholism. The company hopes that Rpogam's pharmaceuti-cal licence will eventually be extended to cover these disorders -

extended to cover these disorders and that it will be licensed in other countries besides the UK.

Although the medical profession is suspicious of the reputation of evening primruse oil as a cure-all folk remedy. Sir James says that it is not unreasonable that shortage of a vital metabolite such as GIA. should cause many symptoms. Re points out that synthetic drugs such as proprancial, his iCl blackbuster. as propranciol, his ICI blockbuster, also have a wide range of action. "If you wrote down all the diseases for which propranciol is given, put'd almost have a medical textbook."

In his role as a non-executive director, Sir James helps to guide Scotia's overall R&D strategy but he does no actual research for the company. All his time is the impresery

is spent with his own academic research group at King's College Hospital in London.

Riamol has spent 27m so far on the turicology tests and clinical trials required to establish Epogam as a prescription drug. The company is exceptional in deciding to spend about 35 has come of turnspend. about 35 per cent of turnover on #

The only similar product given a UK pharmaceutical licence in recent years is Manege, a refused frain oil which lowers the level of harmful this called trigiverides in the blood. But Seven Seas Health Care, the campany that developed Marego, handed K over to Duncan Piockhart, a subsidiary of Glaxo, which obtained a licence hast year. The lightless Health Pool Trade Association is being to lose business to the pharmaceus in this way, because official recognition of a natural product as an affective drug asis to the credibility of the health food movement.

Clive Cookson

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UK NEWS

Power station postponed amid privatisation fears

THE ELECTRICITY industry's multi-billion pound programme for a new generation of large coal fired power stations is in danger of collapsing because of the Government's privatisation

proposals.

The first blow is likely to fall in the next few days when, at the suggestion of the Central Electricity Generating Board (CEGB), the Government will announce a deferral of the board's application for a new coastal power station at Faw-ley, near Southampton, southern England,

Whatever explanation is given, the real reason is believed to be the reluctance of the electricity distribution boards to guarantee that they will buy the plant's output after they are turned into pri-vate commercial companies.

Some of the main power station equipment-makers believe that a postponement of the Fawley station for perhaps one year will be followed by sug-gestions of an alternative site and then its total cancellation. They are also becoming increasingly uneasy that the same pressures will prompt the CEGB to shelve a similar 1,800MW plant planned at West Burton, Nottingham.
This would leave just Kingsnorth, Kent, with access to imported coal, as the possible sole survivor from the pro-gramme of three new coal-fired stations. CEGB top management con-

cedes privately, however, that it does not believe any of the three big stations will be built. Instead, new stations will be smaller, cheaper to build, but more expensive to run com-bined cycle and gas turbine types. Cancellation of the Pawley

and West Burton projects
would cause dismay in the
British coal industry and
among traditional equipment
suppliers.
Although equipment makers
have been receivable that an

have been pessimistic that all three stations will go ahead, confirmation of the cancellations would heap extra difficul-ties on a British supply industry already under pressure from lack of orders and structural ownership changes in the European supply industry.

Northern Engineering Industries, which secured the provi-sional boiler orders for the three stations has recently signed a deal with Mitsubishi of Japan on gas turbines to help it sell equipment for small stations. Rolls-Royce has done a similar deal with Asea-Brown Boveri, the Swiss-Swedish com-

GEC, which won the provisional turbine orders for the three stations has a reasonable order book but has only limited experience in supplying equipment for smaller stations. The Fawley deferral is already being tentatively hailed in the electricity indus-

try as the beginning of the end of the CEGB's 30-year-old pol-icy of building ever larger coal-burning stations. Fawley would have been the

Fawley would have been the first of a new generation of stations equipped with 900MW generating units, compared with 660MW at the CEGB's biggest existing plants.

The decisions will not hurt the CEGB's nuclear programme which, under privatisation plans, will be sheltered from commercial pressures to project diversity of energy supprotect diversity of energy sup-

The CEGB, with strong gov-ernment support, plans at least four pressurised water reactor (PWR) stations.

The second PWR station, at Hinkley Point, Somerset, is currently the subject of a pub-

Fawley would have also faced an inquiry because of stiff environmental opposition by the Hampshire County Council and the New Forest

Unit trusts have best sales month

for year By Eric Short

UNIT TRUST groups enjoyed their best sales month since last year's October stockmar-ket crash.

Figures issued yesterday by the Unit Trust Association showed that not investment in September amounted to \$385.1m - the highest monthly figure since the crash and a strong recovery from August when net investment was a

mere 194m. However, there is no evi-lence yet that the individual investor is returning in large numbers to units.

The majority of last month's net investment was made by life companies buying units either for their linked-life business or even for their main life funds.

Purther evidence that the private investor has not yet recovered his collective nerve is shown with the actual num-ber of direct unitholders. These fell again in September by over 30,000 to 4.89milion. Life companies are counted as one uni-

The amount of units shed in by investors fell for the fourth successive month at £374m it was the lowest monthly figure since the crash.

City of London gets unjust dessert

Richard Donkin, serves up a mouth-watering mystery

I t may remain a source of argument for some time, tied on them.

Whether it was the game Within a day or so of the soup or the Roquerfort cheese savoury which led to guests at two recent City of London din-ners falling like flies, struck down by salmonella poisoning. The courses were on respective menus at two of the City's historic guild halls - the Corporation City Lands and Bridge House Estates Committee dinnow out of danger.
They were lucky. The culner at the Clothworkers Hall and the Swan dinner of the

Both dinners were held on the same evening of October 12 by the same catering company, the Trust House Forte subsid-iary, Ring and Brymer.

Dyers Company at Carpenters

banquets 66 of the 130 Corporation guests and 85 of the 220 diners at the Carpenters Hall had fallen ill, including two top judges from the Old Bailey. two sheriffs and one Lady Mayoress of London. Five were taken to hospital and all are

prit, salmonella typhimurium pharge type 49, is a killer. Analysis at the corporation have given a clean bill of bealth to the roast fillets of lamb on a bed of wild rice and the chilled orange and aurum souffle on the corporation Tests have also cleared the rather more exotic elements of the Swan dinner.

The Game consome at the the Clothworkers hall was followed by a fish course of smoked trout with smoked salmon, followed by fillet of beef, followed by Dyers' cyg-net, followed by meion, fol-lowed by autumn berries, with lastly the chief suspect, a Roquerfort cheese savoury.

Ring and Bryer, known for its traditional City fair and trenchermen's spreads with cuisine which is anything but nouvelle, is one of the oldest company names in the City. The business, now based in

predated the fire of London, and, for that matter, the Great Plague. "It numbers Nell Gwynne, Captain Cook and most monarchs among its past customers," said Mr John Robbins, spokesman for Trust House Forte. The company neither let poor Nelly starve nor poisoned her, he said. The Corporation said it had been unable to test either the game consome laced with port

or the cheese savoury, since no samples had been available. Ring and Bryer have been commissioned to provide the catering for the Lord Mayor's Banquet at Guildhall next month which the Mrs Margaret Thatcher, the Prime Minister will be attending.

UK rejects 'social aspect' of 1992

THE GOVERNMENT strongly dimension" of 1992 which is indicated last night that it being promoted most notably would oppose any moves by Mr Jacques Delors, presitowards greater regulation of deut of the European Commistowards greater regulation of dent the UK labour market which sion. might follow the creation of a single European market in 1992, writes Philip Basset, Labour editor.

Employment Secretary, speaking at the Institute of Personnel Management conference in Harrogate, north England, in effect rejected the "social unemployment by maximising

While 1992 would open a market of 320m consumers to British companies, Mr Fowler said the UK would benefit from Mr Norman Fowler, the it only if it remained competi-

Greater regulation from Europe would be the wrong approach. Instead, all parties should concentrate on making labour markets more flexible. In a clear warning to the commission, Mr Fowler said: "It is from this basis that we shall look at any proposals from the commission to intro-duce new forms of legislation and regulation or to impose industrial rela-tions procedures which would turn the clock back to the single market."

The key to employment growth lay in providing better training, in dealing with long-term unemployment, in encouraging self-employment and small businesses and in making the labour market more efficient and flexible. He said: "It does not lie in placing unnecessary burdens and regulations on employ-ers...They would put at risk the success of the European

Maxwell, Murdoch win licences for satellite services

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Corri Persona

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SIX companies were yesterday licensed by the Government to provide specialised satellite services in competition with British Telecom and Mercury Communications, which up to a large number of small dishes. Even so, the new Reencess are expected to spawn a wide now have had a duopoly in this

The licencees were chosen from a highly competitive field of 27 applicants with the result that many big names were

Among the successful applibookmakers beaming the cants are British Satellite details of horse races to betting Broadcasting and Maxwell Satellite Communications, which is owned by Mr Robert Max-

television, was refused a the Independent Broadcasting

Authority. The Government has its overall policy for liberalis-ing the telecommunications market. It has imposed certain restrictions on how they can be used, however, in keeping with its promise to preserve the BT-Mercury duopoly on main-stream telecommunications services at least until 1990. The six companies will be

range of new communications services for businesses. Ideas include securities houses sending financial information to their customers, retailers transmitting details of new products to their branches and

shops.
The services would be of use well, media entrepreneur.

News International, Mr said the same message to many different places quickly, said Mr John Wishney of EDS, which is a rival of both BSB and Mr Maxwell in satellite of General Motors which has television been granted a licence.

The Office of Telecommunications, which advised the Government on how the licences should be awarded. industry would be created. The companies which were chosen had good ideas for making the service available to third parties as well as for using it

British Aerospace, Satellite Information Services and

Go to Gatwick North.

W H Smith pays £40m

WHSmith are now joining Mr Rupert Murdoch's four-channel Sky Television on

Astra to be offered to the consumer for a single subscrip-

Both BT and Maxwell Communications are still in discussions about leasing Astra chan-nel capacity but W H Smith decided to go ahead with their

own plans. Sir Simon Hornby, chakman of WH Smith, said yesterday: "We are fully committed to

for Astra satellite links By Raymond Snoddy

W H SMITH, the UK retail and distribution group, announced yesterday it was leasing two transponders, to transmit and receive signals, on the Luxembourg television satellite Astra, in a deal worth about 240m.

Astra's launch, scheduled for December, 9 means that

December 9, means that W H Smith's television channels - Screensport, the European sports network, and Lifestyle, the daytime television channel catering for women's interests. interests - can be received over much of Western Europe on 60cm dishes.

Astra. The 16-channel televi- this for the long term."

Trade office rejects credit rule changes

By David Barchard

NEW POWERS for the Director against loan sharks were pro-posed in a consultative docusumer credit licensing published yesterday by the Department of Trade and industry (DTI).

The proposals immediately ran into trouble, however, with Sir Gordon Borrie, the Director General of the Office Fair Trading, who said that he was concerned at the DTI's intention to end compulsory licensing for credit brokers. The director general of the

OFT would have much stronger powers than at present under the proposed changes. These would include the right to suspend a business immediately from stop trading, the right to seek any information it required from them and to attach special conditions to a

POWERS for the Director "Those with licenses will be more responsible and the effect of the changes should be to make businesses more care-ful," Mr Francis Mande, Minister for Corporate Affairs, said. He declined to elaborate on why he did not think credit brokers should require automatic licensing. He said he believed Sir Gordon was only opposed to one section of the

proposals. According to the DTI yesterday, there have been only 898 refusals or revocations out of 218,000 consumer credit licenses applications in the last 10 years. Mr Maude believes that more effective powers for the director general are more important than the issuing of

licenses by itself. If Mr Maude's changes win government approval, they will eventually be turned into a new Consumer Credit Bill.

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Our new offer gives you during the 25 draws TWO CHANCES OF WINNING THREE MILLION DM, FOUR CHANCES OF BECOMING A DOUBLE-MILLION-AIRE, 14 PRIZES OF 1 MILLION DM, 4× 500,000 DM, 26× 250,000 DM, 32× 100,000 DM plus 437,506 prizes ranging up to 80,000 DM.

HOW THE LOTTERY WORKS The 84th South German Class Lottery extends over a six month period – from November 19th, 1988 to May 13th, 1989. It is divided into six classes. The 1st to 5th class have a total of 20 draws - i. e. 4 draws per class - and 6 in the 6th class. This means a draw every Saturday for six exciting months! The draws are held in public and are state controlled, which assures that all prizes are given to the rightful winners. The basis of the lottery is the Prize Schedule, which shows all the prizes and dates of the draws.

WHAT THE ODDS ARE

With a total of 900,000 ticket numbers issued and an outstanding offer of 437,588 prizes, nearly every second number is lucky exactly 48.6%. However, by participating with a Special-Six-Pack you can boost your chances of winning at least one prize by 98% and of winning further prizes by 87%. Value and number of prizes increase with each class. The percentage of stakes given away as prizes in the SKL is higher than in any other German lottery.

ANYONE CAN PLAY

The South German Class Lottery is open to anyone of any citizenship in any land. Should you move to another country, you can still continue to play wherever you live providing there is a postal

Tickets are available in full, half or smaller shares. They all take part in the draws and have equal winning chances. Of course only full tickets will get 100% of the prize money, whereas the smalier shares, which cost their respective stake price, are only entitled to their corresponding

port on of the prize money. It's easy to play in our lottery. Just complete and send in the attached Ticket Order coupon together with your remittance. You will then receive tickets and additional information. We recommend payments to be made by International Bank Draft made out in German Marks payable to Mr. W. Wessel through a German Bank, which is usually free of charge. Should payment be made by International Bank Transfer, personal cheque of foreign currences or by Credit Card, charges



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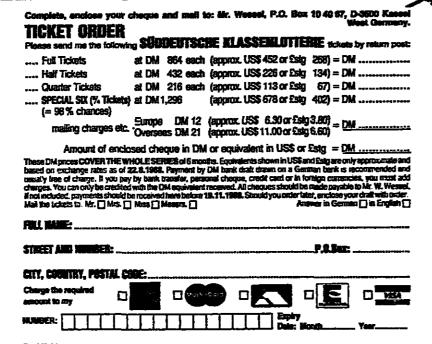
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so that you can take part in all 26 draws. The first draw will be held on November 19th, 1989. Werner Wessel

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UK NEWS

Lawson focuses on slow Inflation return of money measure forecast to top 8% Simon Holberton reports on the target for MO

next year T WILL take until well By Raiph Alkins,

He said that interest rates would remain as high as it

takes for as long as it takes" to get on top of inflation. "That in turn will require 160 to be

heading firmly back towards

the target range I set at the time of the Budget."

The target range was for growth of 1 to 5 per cent in the stock of notes and coins. In the

year to the end of September,

MO grew at a rate of 8.1 per cent. Preliminary banking fig-tres for October indicate that

MO's growth will slow slightly

MO is regarded by economists as one of the best "coincident" measures of economic

activity in Britain. It gives

timely information on how

much consumers have avail-

able for consumption and is regarded by some, but not all, as being predictive of trends in

ments in M0 have often been followed by rises in official interest rates. It is

closely watched in the Trea

sury although the September

figures were regarded as slightly unreliable because of

the effects of the postal strike.

said yesterday that they thought Mr Lawson and Mrs

City of London economists

arge monthly move-

to 7% to 7% per cent.

into next year before the UK Treasury's key money BRITAIN'S annual inflation rate will rise to more than 8 supply measure, MO, comes back into its target range and per cent early next year, pre-dicts a leading securities interest may have to rise to 13 per cent to assist in that pro-cess, London financial analysis

house today. Phillips & Drew forecasts said yesterday.
Mr Nigel Lawson, the UK pay increases and another rise in mortgage rates which will push retail price inflation to 8.1 per cent in the first three Chancellor of the Exchequer, has highlighted the importance of Mo, a measure of money months of 1989. which includes mostly notes and coins in circulation, in his defence of the Government's Its inflation ferecast is among the most pessimistic

currently being circulated by London financial analysis. It expects inflation to fall back to 6.1 per cent at the end of the year, which it says would probably be about one percentage point higher than will be predicted by Mr Nigel Lawson, the Chancellor of the Exchequer, in his autumn statement. The report says the key influence on inflation is pay. It

minence on intention is pay. It says average earnings are increasing at an annual rate approaching 9½ per cent and could hit double figures.

Inflation is expected to be pushed even higher in the phort term however as Mr. short term, kowever, as Mr Lawson raises interest rates from the present 12 per cent to stop a sterling depreciation. A subsequent rise in mortgage rates would have a knock-on effect on the retail price index. Mr Chris Tinker, senior UK economist at Phillips & Drew, said: "The reason we expect 8 per cent is based purely on the expectation of a further one percentage point rise in interest rates. That is obviously a risk in our forecast, but we

think it is justified." He added: "The problem is one of confidence as far as financial markets are concerned. The impression we get from talking to people in the City (London's financial centre) is that the Treasury does not like putting up interest rates because of the effect it has on the retail price index, but it is even more straid of the impact of a depreciation in the pound."

Phillips & Drew predict the UK's current account deficit will fall slightly next year but remain deeply in the red. A deficit of £14.6bn is expected this year, dropping to £14.2bn



Lawson: determined to bring MO back in line.

snearson Lennan Hutton, said a strong pount was central to the fight against inflation. Sterling has been weaker and trading nervous for the past week and pour September figures, due for publication this morning and see the this morning, could see the pound fall sharply. The Department of Trade and Industry. does not believe the figures. recent postal strike. Some analysts also believe that 13 per cent rates would be nesded if Me were to be brought into its target range. Mr David Smith, economist at Williams de Broe, said: "Mil miterest-rate sensitive, but there is so much nominal expenditure in this sconous that it will take some time."

e estimates that if interest rates are during the first quester of next-year that it will not be until the end of the year that the rate of growth of M8 will come back within the Treesury's tar-Others agreed that it would take time before 140 began to behave itself but said the Gow

eroment's more pressing prob-lem was starting and the head to keep it firm on the for

Mr Stephen Harmab, aconomist at County Nativest said.

The Treasury is quite happy with 12 per count hape rates, sterling per said hape made aconomic flows.

Mr Smith, of Williams de live, size anderlined the next to keep interest rates high he at time of rising inflation. He warred that the liquidity glacier may begin to melt if test interest rates fall because of inflation. If this ware to happen, the extra consumption like would generate could give a lighter boost to inflation. Thatcher, the Prime Minister. were content with interest rates at their current level of The risks were, however, that interest rates might have to rise to 13 per cent if sterling showed signs of faitering on the foreign exchanges. Mr Peter Spencer, economist et

Building orders drop by 22%

12 per cent.

By Kevin Brown

THE VALUE of orders received by construction companies for work in the UK fell by 22 per cent in the three months to Angust compared with the comparable period a year ago, the Department of the Environment (Doll) said yesterday.

Most of the full was caused
by a surge of orders in the neartier period for work on the
Channel Tomost project, which
was given parliamentary adjusted to eminds notice was given perhament approval in July last year.

24.1

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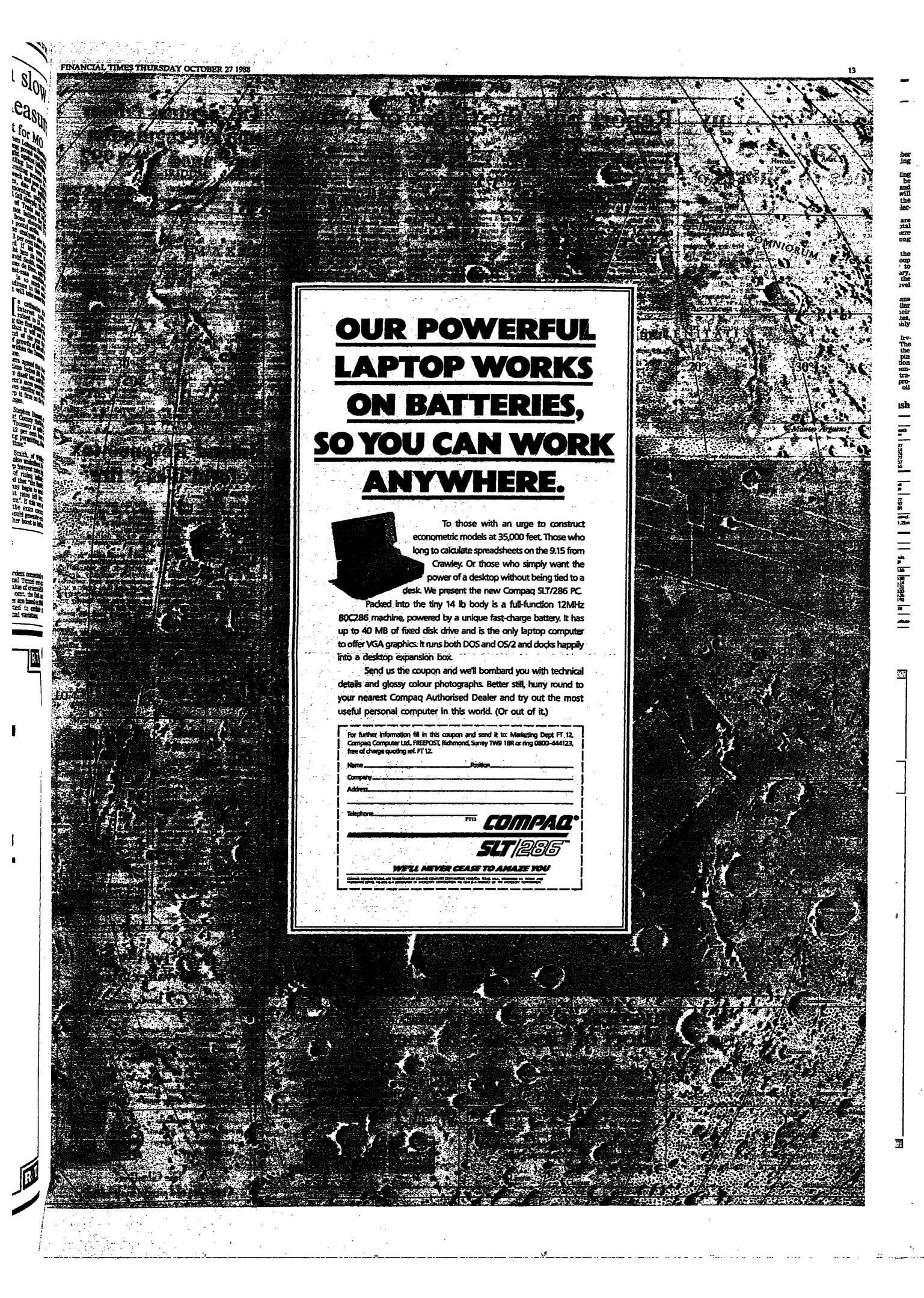
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\$60m US Army aircraft deal goes to Shorts

By Michael Donne, Aerospace Correspondent

SHORT BROTHERS, the may be well over \$50m. Northern Ireland-based aerospace manufacturer, has won a \$60m contract from the US Army's National Guard for 10

C-23 Sherpa transport aircraft.
This deal follows the \$165m order placed in 1984 by the US Air Force for the supply of 18 Sherpa aircraft to support the distribution of air force supplies and equipment through-

out Europe. Deliveries of the new National Guard Sherpa aircraft will start in early 1990. They will replace ageing C-7 Canadi-an-built Caribon aircraft at locations throughout the US.

The prime role of the Sherpas will be to transport Army aviation spares and components between National Guard bases in the US, although the aircraft could also be used for passenger transport, paratroop-

ing and supply dropping.

Part of the original USAF order covered "contractor logistics support" for the aircraft involved. The current National Guard deal so fardoes not, but discussions for the inclusion of this element in the new contract are in prog-ress, so that its ultimate value

The Sherpa is a multi-role light transport derived from the highly successful civil Series 330 twin-turbo-propeller

Mr Roy McNulty, managing director of Short Brothers, said yesterday that the new order was a big boost for the com-pany, and he was hopeful that it would lead to more Sherpa orders both in the US and

other countries.

• British Aerospace and Ansett Airlines of Australia have signed a Memorandum of Understanding to study the establishment of a flying college in Australia to train future airline pilots, to meet the expected big demand from airlines throughout the Far East and South East Asia. • Passenger traffic at the London City Airport in Docklands

continues to rise, and is now running at more than 15,000 a month, an increase of more than 300 per cent since last February, Both airlines using the airport, Brymon Airways and London City (part of the Airlines of Britain Group) report traffic growth in recent

Report puts the finger on prints

By Alan Pike, Social Affairs Correspondent

IT MIGHT seem elementary, my dear Watson, that if fingerprints are found at the scene of the crime they will be compered with those in police records.

Elementary or not, it is more likely to

happen in detective stories than real life. An Audit Commission report published today shows that the capacity of the fingerprint service to collect marks made by suspects exceeds its ability to do anything else with them.

else with them.

In some provincial police forces in England and Wales, fewer than 10 per cent of the fingerprints found at breakins, car thefts and other scenes of crime are subsequently checked in the records. This is because of a "serious imbalance" between resources used to search for fingerprints at crime scenes and those available to search through the records back at

headquarters. One police force visited by commission officials had a four-year backlog of prints waiting to be classified and filed — "its fingerprint collection is virtually useless."

THE UK High Court is to be

asked to rule whether the Cus-toms and Excise was right to seize an Air Canada Jumbo jet

with an £800,000 cannabis

The Customs and Excise has claimed a court order for "con-

demnation" of the aircraft

under the 1979 Customs &

Excise Management Act.

By Raymond Hughes, Law Courts Correspondent

comments the report. Another force had 400 marks collected before 1986 which had not been checked in the records by December 1987.

In contrast to the drama of crime fiction, the Audit Commission report unfolds a more mundane drama of under-resourced services, poor pay and low

It concludes that the fingerprint services of most provincial police forces are achieving significantly below their potential in terms of the number of identifications obtained from fingermarks left at scenes of crime."

Provincial forces last year recorded

more than 2m crimes in which finger-prints might have been left, but offenders were identified by their prints in a mere 40,000 of them. Only 26 per cent of finger-prints found at the scenes of crime are subsequently identified in the records, although more than 70 per cent of arrested offenders already have their fin-gerprints on police files.

Air Canada, which had to

The aircraft arrived at

pay the Customs £50,000 for the

aircraft's release, contends that it should not have been seized.

Heathrow on April 26, 1987, after a flight from Singapore

was asked to rule on prelimi-nary issues in the action and

will give his ruling later.

Yesterday Mr Justice Tucker

The commission says there is considerable scope for improving the performance of the fingerprint service by increasing efficiency, while there is also strong evi-dence to suggest that in many forces it is under-resourced. Fingerprint services cost around £16m last year, less than 0.7 per cent of total police expenditure.

If the performance of all forces could be raised to the level of the best 25 per cent, the number of identifications from fingerprints would increase by more than 50 per cent, says the report. Raising performance to the level of the hest 10 per cent of forces would almost double the number The work of fingerprint officers can be exceedingly repetitive and the report says this, combined with low pay, has a serious effect on morale. There is a need to enhance jeb satisfaction, provide more administrative support and identify train-

Improving the Performance of the Finger-printing Service, Police Paper No. 2, Audit Commission, HMSO. £5.

Jumbo drugs court ruling | Consumers dissatisfied

By David Churchitl

A SIGNEFICANT proportion of UK consumers were dissatisfied with goods or services bought during the past year, according to a survey published yesterday by the Gov-ernment's Office of Fair Trad-

ing (OFT). Some 38 per cent of nearly 2,000 consumers surveyed dur-ing September this year said

they had one or more complaints about goods bought during the past year. Moreover, almost 50 per cent

had complaints about services used over the same period. The survey found that most complaints were directed at food and drink products, household appliances, footwear and motor vehicles.

UK against labour market regulation envisaged for 1992

By Philip Bassett, Labour Editor

THE UK Government strongly indicated last night that it would oppose any moves towards greater regulation of the UK labour market which might follow the creation of a single European market in

A speech by Mr Norman Fowler, the Employment Secre-tary, to the Institute of Person-nel Management in effect rejects the "social dimension" of 1992 which is being promoted most notably by Mr Jac-ques Delors, president of the European Commission.

While 1992 would open market of 320m consumers to British companies, Mr Fowler said the UK would benefit from it only if it remained competi-

The major social course quence of the single market should be the reduction of should be the reduction of unemployment growth," he said. Greater regulation from Europe would be the wrong approach. Instead, all parties should concentrate on making

labour markets more flexible. in a clear warning to the commission. Mr Fowler said: It is from this basis that we shall look at any propegals from the commission to introduce new forms of legislation or to impose industrial relations procedures which would turn the clock back to the

The key to employment growth lay in providing better training, in dealing with long-term unemployment, in encouraging self-employment, and small businesses and in making the labour market-operate more efficiently and

more flexibly.

As well as possible increased regulation, Mr Fowler stracked that he said were a number of

what he said were a number of barriers to employment.

The "excessive" rise in com-ings was now an "obvious and clear" barrier to jobs. Average earnings had been increasing at an "unhealthy rate" for some time, and Britain could not rely indefinitely on improvements in productivity to keep its unit labour costs under control. Instead, it needed to achieve the same moderation in earnings growth as its principal competitors.

On training, he looked for the deverment's outline keighting due to be my

line legislative due to be published next month, which he said would be a radical rethink of training structures in the UK.

The LIA said the Revenue's option A, to tax investment returns in policyholders' brads, wordt be a "major dis-

A would particularly hit dential customers said the

And it would cause "formidable technical difficulties." Option B, to restate life

assurance company profits according to a new actuarial

method and then apply a spe-

cific life assurance corporate far rate was also heavily critical by the LIA.

The report said the move weak be a totally unknown

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Inland Revenue tax reform under fire

INLAND Revenue proposits for reform of the HK's Ifa assurance taxation regime, should be shelved, at light until the industry has a clearly idea of the effects of a single European market, according to the Life Incurrence Association the Life insurance Association a trade body for 11,000 life land kers and direct salespeople. If the Government wishes UK life companies to make major impact in a Rhezalisa

major impact in a fiberalised Buropean insurance environment after 1992, the radical changes proposed are not the suswer, according to the LIA. It would be "aimset a suicidal step" to introduce the changes suggested by the Revenue, the LIA says.

Its comments are contained in an eight mage substitution.

in an eight-page submission, published yesterday. That is in reply to the Reve-

three options for the first full-scale overhaul of its fiscal

Top salesman quits Kleinwort

after sackings By Clive Wolman

Mr Rod Scrimgeour has resigned as the chief salesman and director of the North American securities operation of the merchant bank Klein-

wort Benson.

His resignation follows the dismissal of four members of his team in August and September for breaching internal dealing rules.

Mr Scrimgeour was cleared of any involvement in the breach of the rules by an internal investigation but was criticised for management failings, The dealings are thought to have been in the securities of companies which were clients or otherwise connected with Kleinwort Benson.

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What put the Sir in Sir Walter Scott?

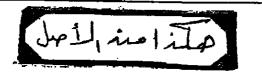
It has been commonly assumed that Walter Scott was given his knighthood for ser to literature.

However, there is a school of thought which is puzzled by his constant publicising and proising of The Glealivet single malt whisky, It is mentioned frequently in his writings.

The Glenlivet" was also the Monarch of that time's favourise whisky. It was said "he would drink nothing else".

Is there a connection between these two facts and his knightbood? I believe we should be told.

The Glenlivet 12 years old single malt whisky.



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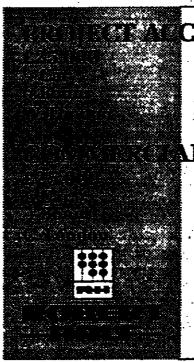
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FINANCIAL TIMES



Though Mr Gorbachev's reforms in the Soviet Union have raised expectations in

Bulgaria, Mr Todor Zhivkov, the country's 77-year-old leader, still seems to be insistent that change should be at his own pace.

Jason yardstick BULGARIA, after years of proceeding at its own careful, the April 1966 ple

cautious pace, is going through a period of uncertainty, largely caused by the massive and radical changes taking place in the Soviet Union.

And how the Bulgarian Communist Party leadership, with 77-year-old President Todor Zhivkov, Eastern Europe's iongest serving leader, at the helm, responds to those changes will determine the success of the country's eco-nomic and social reforms. Bulgarian officials claim that

their own road towards restructuring started well before the Soviet Union's - in fact, as early as the 1950s. When Mr Zhivkov became party leader in March 1954, just a year after Stalin's death, he moved swiftly to consolidate

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his power and popularity. The Writers' Union, once a bastion of dogmatism under Mr Vulko Chervenkov (party leader 1950-1954) soon opene its doors to what were once considered "bourgeois" writers. The political atmosphere,

marked during the late 1940s and early 1950s by suspicion. fear and arrests, also slowly That atmosphere had been

deeply affected by the Stalinist trials of, among others, Trai-cho Kostov, Bulgaria's first post-war party leader who was purged and executed in 1949. Soon after Mr Zhivkov came to power, he was rehabilitated. But it was the famous April plenum of 1956 which Mr Zhiv key used to brunch his own version of economic reforms

ship. He embarked on an intensive and ambitious modernisation programme which entailed pulling the country's economic base away from agriculture to industrialisation. The aim was to improve living standards, expand the availability of consumer goods and generally drag Bulgaria into the 20th

The effects were mixed. Bulgaria, by virtue of its strong agricultural and peasant traditions, had a small technical intelligentsia and an equally small middle and intellectual class. Thus, for a time, this far-reaching programme lacked

sufficient expertise. But those reforms, unlike what took place in Hungary in the late 1960s, did not involve the introduction of small-scale private enterprise. Nor did they in any way shift power from the centre.
Indeed, if there is any one

consistent thread running through Mr Zhivkov's long leadership, it is the concentration of power among a fairly small number of people, the majority of whom owe their positions to the party leader. This wish to retain economic

and political decision-making, exercised largely by the Polit-buro, was influenced by sev-

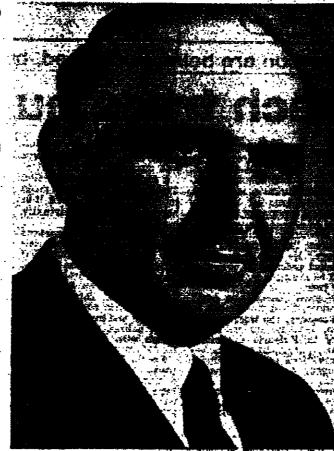
the April 1956 plenum opened the gates to reform, the reforms were never coupled with genuine liberalisation.

For one thing, the Hungarian uprising that year, followed by Nikita Khrushchev's reforms and then, later, by the 1968 Prague Spring in Czecho-slovakia, all of which ended in failure, seemed to create unease among the leadership in Sofia.

Fearful that Bulgaria might suffer contagion or any pres-sure from the small coterie of intellectuals, the leadership held a short rein on the party,

economy and many aspects of public life.
But then, there were few instances of pressure for substantial change either from inside or outside the party. The creative intellectuals who, over the years, have lived rather combrishly, rarely spoke out.
Those who did, such as the writers Mr Georgi Markov, Mrs.

writers Mr Georgi Markov, Mrs. Blaga Dimitrova and mora recently, Mr Georgi Mishev, were sharply rebuted or else unceremoniously expelled from the party. And yet, in its own way, Bulgaria was more relaxed in other areas, compand with some of the other pared with some of the other East European countries.



President Zhivkov, at the helm since 1954, is Eastern Europe longest-earving leader; how he responds to restructuring in the Soviet Union could determine the success of reforms in Bulgaria; (right) the National Gallery in Solis



Bulgaria

place in the Soviet Union under Mr Mikhail Gorbachev. Each night, Bulgarians tune in, not to their own domestic television, but to Soviet televi-sion which is now beamed across most parts of the country. There are few difficulties with the language. What Dutch is to German, Russian is to

Bugarian.

Every day, 118,000 copies of Pravda, the Soviet party daily, are snapped up. Subscriptions for Liberaturnaya Caseta, the Soviet literary weekly, have

creased. Russian is in vogue, With such immediate access to developments taking place in the Soviet Union, the impact of the Soviet reforms on many Bulgarians has been remark-

And these developments have clearly sent one message to the Bulgarians; for the first time, the Soviet Union has Bulgarians can measure the real content and nature of their own reforms.

Exposed to these changing circumstances with their neighbour, this has placed the Bulgarian leadership in a somewhat challenging if not

awkward position.

Because the Soviet reforms have raised expectations among Bulgarian intellectuals and the post-war generation of well-educated "technocrats", they are becoming restless for the introduction of substantial changes in their own country. Some of them recently tried

to channel part of that restless ness into the environment which, like the rest of Eastern Europe, is in need of urgent

attention.

Earlier this year, for instance, a group of intellectuals, including Bulgaria's most respected artist, Mr Svetlin Rusey, Mr Georgi Mishev, the writer and Mrs-Sonja Bakish-Todoroya, wife of Mr Stanko Todoroy, the Polithuro member and President of the National Assembly, organised an indeand President of the National Assembly, organised an independent environmental group.
Its aim was to highlight the

deteriorating state of the envi-ronment and in particular the a Romanian chemical factory in Giurgiu, south of the coun-try, across the Danube to the old merchant city of Ruse, in northern Bulgaria.

The response by the Bulgarian leadership to what amounted to a small independent movement, itself a highly unusual phenomenon in Bulgaria where the articulation of independent views are rare, was, to put it mildly, swift. During last July's central

committee plenum devoted to the "Restructuring of the Intel-lectual Sphere," several people were dropped from the central committee or else expelled from the party.

The strong winds of glasnost may be blowing across from the Soviet Union, but for the moment, it seems the present Bulgarian leadership may want to be sheltered from them.

Thus, while the Bulgarian

media adopted a more critical stance towards corruption in high places, Mr Stoian Mikhai-lov, the central committee secretary responsible for ideology, was last July dismissed from

But the one demotion which sent nervous ripples through-out sections of the establish-ment was the sacking of Mr Chudomir Aleksandrov, the Central Committee secretary responsible for cadre policy.

Mr Aleksandrov had the

thankless job of, among other things, re-organising the prov-inces. Last year, in a major shake-up, the 30 okruzi, or provinces, were reduced to 13. Some Bulgarian officials explained the changes on the grounds that it would make economic planning more ratio-nal. Others hinted that the old system created corrupt "feudal barons '

Whatever the reason, the process cost the jobs of more than 50,000 party and state bureaucrats who became increasingly disgruntled with

their loss of power.
That reorganisation, coupled with Mr Aleksandrov's strident criticism of the party bureaucracy during the party's National Conference last January, in which he said the party was carrying too much "dead wood", contributed to

dismissal from the Politburo and the central committee secretariat last July. In addition, Mr Aleksandrov was often regarded as a possi-ble contender, if not successor, to Mr Zhivkov. Those in Bulgaria who make a too obvious bid for the leadership, or who are regarded as the "Number Two", rarely have a long politi-cal life expectation.

The July plenum disap-pointed many intellectuals who had hoped for a more genuine commitment to economic restructuring and particularly more glasnost.

But it seems that Mr Zhiv-kov is insistent about introducing change at his own pace. So far, the changes, particularly those introduced since 1985, seem to indicate two things. Pirst, there is an impression

that the reforms, at least in the

initial stages, were hastily drawn up. During 1986 and 1987, ministries were disbanded, merged or renamed with the aim of cutting back on the administration. some of them were re-estab-

Some Bulgarians implied that the leadership in Sofia, mindful of the changes in the Soviet Union, wanted to appear to be taking the initiative.

After all, it was coming under certain pressure. Mr Leonid Grekov, a former Soviet written in *Pogled*, a lively Bulgarian weekly, about the poor quality of Bulgarian goods exported to the Soviet Union. As for the economic reforms,

especially those on the enter-prise level, they seem to be having more positive effects. Enterprise managers have more say in investments, productivity and markets. And the June 1987 banking reform,

which in effect broke the monopoly of the Bulgarian National Bank, seems to be taking shape. Cautious expansion of small-scale privately-run services, such as restaurants, bak-

eries and taxis, is also being

introduced. This has given a

boost to those advocating more flexibility in the running of the

economy.

All these political and economic trends beg the question of the direction in which Bulgaria is heading.

As a small Balkan country, it is acutely aware of its economic dependence on the Soviet Union, just as much as it is aware that Mr Gorbachev is placing new demands and expectations on the leadership in Eastern Europe to make the socialist system more economi-cally efficient and, in the con-text of human rights, more

As a country which is slowly gaining some measure of confi-dence, it is also becoming aware that such confidence must eventually be matched with some liberalisation, such as allowing more people to travel and permitting more people openly to express their These changing circum-

stances will inevitably entail more adaptability by the present Bulgarian leadership. But Mr Zhivkov will almost certainly try to ensure that such changes do not pose any seri-ous challenges to his authority.



However, the parameters for change have always been defined by the top leadership. This has been more noticeable in the past two years when, possibly because of developments in the Saviet Hairan the content of the saviet Hairan the saviet was a saviet when the saviet was the saviet was a sa become more obvious.

nated by the reforms taking

Like the rest of Eastern Europe, Bulgarians are fasci-

For example, the major west-ern authors have generally always been available. The cin-

ema is quick to show western

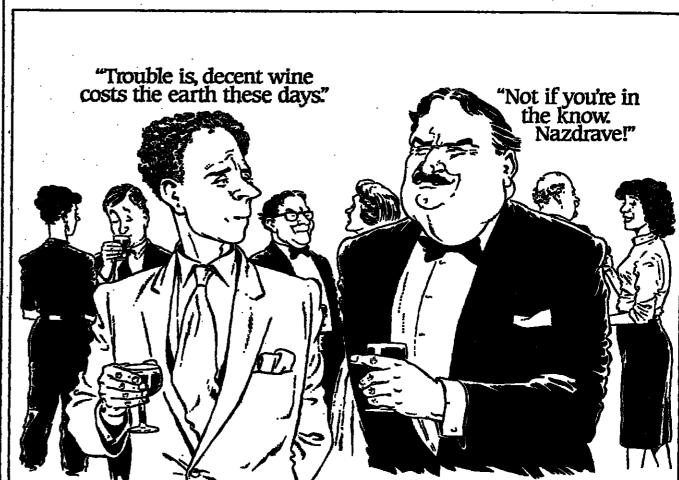
ments in the Soviet Union, the limits and pace of change have

ism and travel restrictions. But more importantly, for the first time, the Soviet Union is seen by many Bulgarians to be ahead of anything their own leadership had ever attempted

embarked on what looks like a

sustained road towards reform. This reform not only includes economic changes but also a degree of political liber-alisation and a willingness, if not necessity, to discuss taboos such as corruption, national-

in the past.
In short, the Soviet Union is becoming a yardstick by which



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ECONOMIC REFORM

Flexibility on the controls

THE COUNTRY is in the middle of introducing a series of radical economic reforms introducing some changes in agriculture.
These measures, taken as a which, if successful, could transform the Bulgarian econwhole, are designed to make the Bulgarian economy and omy.
The reforms, which were rather hastily drawn up in particularly the enterprises, work on the principles of self-management and self-financ-

1987, seemed to create considerable confusion among Buling.
But of all the measures, the garians and other observers two most significant involve the changing role of the State about the exact scope and nature of the changes. But after nearly two years, it appears that the burst of enthusiasm and persistent reorganisation of the adminis-Plan and the enterprise

In the past, the State Plan dictated norms, issued directives, set productivity targets tration has ceased. The and generally exercised a heavy-handed approach to the running of the economy.

In a nutshell, managers had no leeway or flexibility in how they ran their enterprises. The State (or central) Plan;

• increasing the autonomy of enterprises;

• reorganising the banking committee of the Bulgarian

Communist Party, it was decided to dismantle some of the powers of the Plan and hence slim down the vast central state administration and

in place of compulsory instructions to enterprises, the State Plan now simply issues a number of indicators which are made available to the enter-

Bulgarian officials insist these indicators are not directives, adding that they simply provide information so that the enterprises can have an overview about the direction inwhich the economy is being oriented, And it is on this basis that the enterprises make their

decisions. Furthermore, as is the case with the other economies of Eastern Europe, the state still retains control over the manufacture of certain goods. These would include areas involved

in the defence and power industries, irrigation and transport.

Yet even here, the control is now more flexible in the sense that the state can issue ten-

Those enterprises with the best terms and the best products win the contract. Competition is gradually gaining prece-dence over state paternalism. There is an added bonus. The state will grant incentives for enterprises which win orders, such as providing the

with certain raw materials

which may be in short supply. or else by granting an easy-term credit line. In addition, the once overpowering state has ceased to finance enterprises from the

state budget.
Instead, a state crediting fund has been set up which provides long-term credits at Continued on Page 2

reforms may at long last have time to settle down and take Basically, the changes can be divided into four categories: • weakening the role of the

One of the constant claims heard in Sofia these days is that Mr Gorbachev's reform of the Soviet Union comes 30 years after Mr Zhivkov did exactly the same thing. Another refrain is that though the Russian and Bulgarian languages may sound similar, the

cultures are very different. But mention trade and it is a different story. Bulgaria simply could not do without the Soviet

Around 60 per cent of total Bulgarian exports go to the Soviet market, and about 60 per cent of imports come from there. Most of Bulgaria's forklift trucks roll off to the USSR. And the Soviets swap these for oil, communications equipment and the elements with which to build nuclear power stations

In fact, Comecon as a whole dominates Bulgaria's trade turnover of \$32bn. The other East Bloc countries, notably the German Democratic Republic. help the Soviet Union swallow up some 80 per cent of the

ALL OVER Bulgaria, people are discussing the reform of the nation's agriculture. Why? Because Mr Todor Zhivkov has told them to do so.

Last month, Mr Zhivkov, the **Bulgarian Communist Party** leader, issued a memorandum outlining his views on how the agricultural sector should be reformed. He called for nationwide discussion of the matter, which will end at about the time that this survey appears. The Central Committee of the party will then meet to agree what action should be taken.

The nation's farms need reform because they have been doing quite badly. Total agricultural output is down by more than 4 per cent since 1986. Crop harvesting is down by well over 7 per cent and ivestock production is also falling, by about 112 per cent on the 1986 figure.

Much of the problem is caused by Bulgaria's climate. A mixine of harsh winters and excessive drought has afflicted the landscape every year for the past five years.

1988 has been no exception. Mr Nikol Todorov, director for development at the Agricultural Union, says the harvest

Foreign economic relationships within Comecon are being liberalised, but ...

West still faces high tech trade hurdles

country's exports. Principally, they purchase Bulgaria's machine building equipment, high tech and electronics goods. It has all been carefully worked out: in Comecon's trade network, Bulgaria has been dubbed chief exporter of high tech goods.

In a sense, that is probably good news for the western businessman. High technology and electronics all require investment and needless to say, Bulgaria would like to acquire some from the West. There is bad news, however. Although West Germany does

good deal of trade with the Bulgarians, only 16 per cent of Bulgaria's imports come from the Developed Countries, and the figure does not look likely

What is restraining Bulgaria is its considerable hard cur-rency debt, thought to be

yield expected this autumn

was 60 kilogrammes of wheat

per hectare, and the same

amount for barley. Now he

expects they will draw in only

to reform Bulgarian agricul-

ture to meet this crisis will have difficulty. Bulgaria has

developed a structure of farm-

ing that is highly collectivised,

The land is dominated by

295 agro-industrial complexes.

These are mammoth collec-

tives, each about 18,000 hect-

ares in size, and all occupying

about 83.3 per cent of the total

the land in its region in close

conformity to a central plan.

The complex administers state

farms, as well as "brigades" of

around 150 people, carrying

out a specific task. All are

There is also a personal

working to sell to the state.

Each complex administers

even by Soviet standards.

However, anyone who wants

two-thirds of that.

agricultural land.

around \$6bn. Mr Konstantin Glavanakov, Deputy Minister for Foreign Economic Relations, says: "The national debt has to be kept under control so we can maintain a balance in our foreign relations in gen-

eral."
Mr Glavanakov carefully adds that recent reforms have left the final decision as to what is imported to the enter-prises themselves. Indeed, that has been corroborated: western diplomats say how impressed they were by the large number of representatives of enter prises admiring the stands at last month's Ploydiv Fair.

Unfortunately, admiring wa all they did. Few had the hard currency with which to buy expensive western technology. To get that money, a firm needs a licence from the state to purchase the item. So the Ministry of Foreign Economic

farming sector, occupying about 12 per cent of the land

on the complexes. Families

and small groups can farm small plots of around half an

acre, but the scope for per-

sonal initiative here bears lit-

tle comparison with that found

in Hungarian co-operatives, or even with the degree of pri-

vate enterprise to be found

now in Bulgaria's main towns.

Nearly all the product farmed in the personal sector is sold to the state, which

retails it through its own channels, but that seems little-disincentive to the farmers.

The productivity of these

small plots is remarkable.

Over half of all Bulgaria's

eggs and meat, and a third of

its milk, come from the per-

That does not look likely to

inspire any changes. Judging

by Mr Zhivkov's recent memo-

randum, the personal sector

will not gain the right to sell



Andrei Lukanov, Minister for Foreign Economic Relations

Relations remains at the hub of virtually every deal a western firm does in Bulgaria. What does Bulgaria want to buy from the West? Its plans seem rather vague. Mr Andrei Lukanov, the Minister for For-

AGRICULTURAL REFORM

A little more scope for initiative

its produce privately or re-in-

the reform to give the com-plexes a great deal of auton-

omy from the state. They will

become self-managed entities, turning out final products, and not simply administering what

the farms and brigades do.
At the Agricultural Union,

Mr Todorov thinks the reform will also increase the scope for

farmers in the personal sector.

The land allocated for per-sonal farming will probably be leased for 50 years, for instance, as a powerful incen-

tive to farmers to take good

care of it. Moreover, agricul-tural machinery and tools will

be sold to farmers for use on

will be an expansion in the amount of land on the com-

plexes that can be auctioned

off for personal use. And the

Soviet policy of allowing work-

Other officials say that there

Instead, Mr Zhivkov wants

vest profits.

these plots.

eign Economic Relations and Polithuro member, says: "The aim is rapidly to develop existing structures; robots, lesers. in which Bulgaria is now an industrial supplier, and bio-technical equipment. We also want to expand into new fields of scientific and industrial progress, like information tech-nology." He hints that a more detailed ordering of priorities will be available by the end of the year.

Western businessmen could consider direct investment in the country. The West German firm, Siemens, has had a factory in Bulgaria for many years, manufacturing telecom-munications equipment under licence. Schweppes makes tonic water (under the "Shveps" label), the Austrians have a pulp-and-paper factory. the Japanese a chemicals

ers from towns to farm private

plots in the countryside and sell the goods off the back of a

lorry will be implemented.

But the scope for personal initiative ends there. The first

obligation of the private farmer will remain to sell to

the state. He will not be

better price at other markets.

Nor is there any word on whether the private farmers will be allowed to expend their

own enterprises. They can still farm only small plots of

around half a hectare, with strict limits on the number of

people who can work the land.

have to address themselves

sooner or later to more spe-cific agriculture problems. One

is the poor irrigation of much of the land, which exacerbates

Another is the difficulty

which faces many East Euro

pean countries: how to stop the flow of labour off the land

and into the cities. The chosen

solution in Bulgaria is to

industrialise the complexes by

widening the range of their

products. According to Mr Andrei Lukanov, a member of the Bulgarian Polithuro, agri-

the effects of the droughts.

The Bulgarian leaders will

That is not going to change.

allowed to sell his produce at a

in any trade deal with Bulgaria, however, westerners face the colossal hurdle of trying to repatriate their profits. The conversion of profits made in Bulgarian leva back into hard currency is virtually

Instead the Bulgarians nearly always insist that westem firms purchase Bulgarian goods and export them for sale. An example is the deal the Bul-garians have with Pepsi-Cola. The American company supplies its Cola concentrate to Bulgaria, and instead of taking home dollars, it markets Bul garian wine in the US under the "Monsieur Henri" label.

For the foreign businessman these countertrade deals demand inventiveness of a high order. But some are par-suaded that investing in Bul-garia will pay off in the end, and decide they might as well

shoes and leisure services" on

But this will do little to

redress the immediate crisis

caused by the falling output of feed. The shortfall is currently

forcing the Bulgarians to

import large quantities of grain from abroad. Mr Todo-rov will not be drawn to dis-

close the size of the imports,

but Western economists put a

value of \$200m on last year's

spending on grain.
That will have worsened

Bulgaria's hard corrency debt,

which is already stretched by

a need to invest in the indus-

trial sector. It is no surprise

that the state planners have been forced this month to

raise the price of several

imported commodities. The retail price of coffee was don-

bled and the cost of sugar

ing it hard to afford such imperts, though officials play down the problem. They like to argue that sugar has gone

up purely to stop illegal brew-

do not herald more price rises round the corner.
But whether that last prom-

ise is kept will depend on how rigorously the Central Com-

The country is slowly find-

went up by half.

the farms

do not always work.
The West Germans tend to

take that risk more than most and as a result, have 40 per cent of Bulgaria's trade with the European Community. The West German attitude is that if they do not get in there now, someone else will.

Bulgaria's joint venture legislation, which allows a west ern firm to set up an enterprise in collaboration with a Bulgarian one, does not make it easier for the westerner to take home his money. Here again, the visiting busi-

nessman is put off. There are about 100 joint ventures under discussion, but few are actu-ally under way. A joint Bulgarian-West German firm markets a Bulgarian invention: electrostatic stereo-headphones There are three ventures with the Japanese, one of which manufactures machine parts. There is only one British Bul-

garian joint venture so far. The joint venture legislation might attract companies which have already decided to build their own plants in the coun-try. Unlike joint ventures in the Soviet Union, where the Soviet side retains a control ling shareholding, under Bulgarian law the foreign company technically may have a holding of up to 99 per cent.

other Europe, too.

Bulgarians so as to obtain the discounts on renting office space and services that are available. To set up alone in Sofia means paying the prohibitive price for offices that is found in almost every East

European city. What is really changing is Bulgaria's foreign trade within Comecon. Until recently, most trade within the Comecon blec was fixed by governments, rather than enterprises. So Hulgaria would draw up lauge lists of goods to be bartered with each of her Comecon-neighbours, in exchange for a

rigid set of imports. Now, according to Mr Luks nov: We are liberating the system of strictly bilateral trade relations between states and doing away with quantita-tive quotas." The best of exam-ple of this is Bulgaria's trade with Poland, which is increas-ingly conducted between enterprises: as a result, trade volume between the two countries has shot up by 18 per cent over

the year.
There is also increasing flexibility as regards currency. A distant prospect in East-West trade, but currency convertibility is now increasingly employed in trade between the Comecon countries. Mr Luka-nev cites now Bulgaria recently signed an agreement with the Soviet Union and Czechoslovakie for convertibility in the accounting of enter-prises formed by two countries. It looks like 1992 will berakt the greater integration of the

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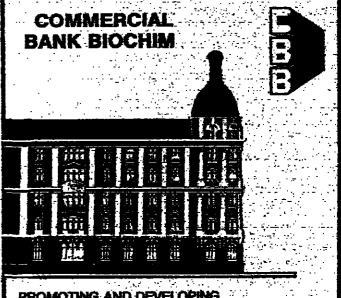
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An enterprise might choose to share some profits with the



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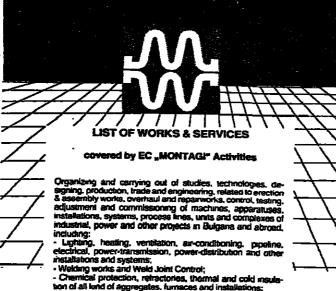
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mittee deals with agriculture at the forthcoming plenum. cultural development "will lie in the direction of creating new consumer products and industries: light industry, Flexibility on

Continued from Page 1

low interest rates for those sectors of the economy which require high capital invest-ments, for example, the power

industry.
As for other enterprises, on the basis of new self-financing and self-management principles, they now have to fend for themselves

Any investment projects must be financed with their own funds or else through loans issued from the new commercial banks or in co-operation with Bulgarian or foreign

The upshot of all this is that the enterprises have now more autonomy and rights. This was one of the ideas behind the spate of reforms

during 1987. One of these other reforms, which is directed specifically at the enterprises, is the Regula-tions of the Economic Activities. Introduced on January 1, 1988, these gave the enterprises the right to organise their own plans, production, investments and commercial activities.

But the most interesting feature of the new law is the scope given to enterprises in terms of how they organise their own production.

They can, for instance, contract some of their work out to other enterprises through the so-called corporations. The idea behind these corpo-

rations is to bring like-minded and fairly small-scale enterprises together under the roof of a corporation, where in a more rational manner, they can share resources, be they financial/investment or techno-logical, and aim at a more unified market. The corporation, whose

members consist of the enterprise managers, can in turn set up a development and techni-cal improvement fund and an economic risk fund, whose main tasks are to earmark some of its member enterprises for capital investments.

Larger industries, such as communications, agriculture, electronics and the building industry, if they choose, can be organised under associations which share some of the features of the corporations. But unlike the corporations, the state can directly assign

projects to the associations.

The new regulations will also affect the workforce. For instance, the size and distribution of salaries and wages,

the controls which are normally paid out by the enterprise wage fund, will in future depend on the incomes and profits generated

by each enterprise. In effect, wage differentials, once a sacred taboo in several of the East European countries, will begin to play a greater role with the intention of creating incentives.

In the normal course of events, if an enterprise, for reasons of inefficiency or because it is in the throes of restructur-ing, proves unable to pay the salaries of its workforce, the manager can seek assistance from the corporation or associ-

Depending on the circumstances, the enterprise can either merge with another enterprise or be granted financial assistance. As a last resort, the enterprise can be declared bankrupt. That would lead to unemployment or a relocation of the workforce, something which the Bulgarian authorities, for political and ideological reasons, are not yet willing to entertain.

Against this background, the enterprise reforms can be assessed in two ways.

Some Western observers regard the reforms as too cautious on the grounds that since the state continues to issue indicators, the direction of the enterprises remains, in effect, heavily influenced by the state. However, seen in a Bulgarian context, these reforms

amount to the first major experiment designed to give enterprises more responsibility and autonomy over a longer period of time. In addition, precisely because the Bulgarian eco-

nomic experiments are in their infancy - notwithstanding all the official jargon that they started back in 1956 - they need time to take root.

Enterprise managers, so long used to the dominance of the state, require time to adjust to the new conditions. And the workforce, so long used to the idea that unemployment is an inalienable right guaranteed by the state and ideologically defended by the ruling Communist Party, and that (non-differential) wages are guaranteed by the state, needs time to assimilate the new reforms.

In short, the economic reforms will need time and patience before their real effects come home to roost.

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Banks try to foster good housekeeping

can keep down their hard currency debt, then the recently introduced banking law could olay a vital role in restructuring the Bulgarian economy.

According to western esti-mates, the debt has increased from \$4.1hn at the end of 1986 to nearly \$6bn by mid-1988. This is the opinion of several Bulgarian economists who argue that the new commercial

banks have the potential to make the country's enterprises more efficient by advising them on rational and judicious investments and projects.
Bulgaria's banking system
was completely overhauled in

Through the setting up of eight commercial banks, the Bulgarian Mational Bank lost its monopoly of being the sole creditor to enterprises and other sections of industry. These commercial banks, which have a wide degree of

financial autonomy, are joint stock companies which include the participation of enterprises known as self-managing organisations (SEOs): The newly-formed banks are the Electronika Bank, the Biochem Bank, the Transport Techniques Bank, the Agricultural and Co-operative Bank, the Construction Bank, the

Transport Bank, the Bank for

Economic Projects and the The minimum amount of capital held by these banks is Bulgarian Leva 20m of which 50 per cent must be deposited with the national bank before a commercial bank is registered. These banks have specific functions in the sense that they are all closely linked to particular sectors of the Bulgarian economy. Thus, for nstance, the Electronika Bank

is supposed to meet the demands of the electronics Both on paper and in prac-tice, Mr Vesselin Rankow, dep-uty director of the Bulgarian National Bank, says the bank reforms, though still in their teething stages, seem to be functioning smoothly. The eight new banks work on the

pasis of very close co-operation

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haulage operations abroad.

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with enterprises. If, for are linked to the enterprise's instance, a factory producing economic performance, it is in computers, wants to borrow their interests to take a hard credit in order to modernise the plant or import equipment, instead of going directly to the national bank or the Bolgarian Foreign Trade Bank (BFTB), the manager goes straight to the Electronika Bank.

Together, both the enterprise and bank consider the feasibil-ity of a investments and capital-intensive projects. And any decisions are clearly infinenced by the enterprise's past performance, its current balance sheet and its future plans.

More importantly, the enter prise has now to justify why any investments are necessary and must show that credits can be paid back over an agreed period of time.

The banks' role "is to get the enterprise working efficiently*

The upshot is that credits are now being issued on a dif-ferent basis: the company's ability to perform efficiently. In place of previous policies in which the enterprises were often cushkoned against losses or their inability to compete, profit is gradually becoming the main criterion.

If, for instance, an enterprise cannot repay its losses over a fixed period of time, not only is it penalised through higher interest rates, but the banks have the power to make decisions about the future of the

company.

They can, for example, decide to liquidate an enterprise, marge it with another one, or else through the extension of fresh credits, try to sion of fresh credits, try to restructure the company in order to bring it out of the red. Bulgarian hankers say they are not straid of liquidating an enterprise, even if it means unemployment or a relocation of the workforce. However, they admit that this would be a last meant.

After all, they point out that since a percentage of the commercial bank's own reserves look before any credits are extended or before an enter-prise is decisted bankrupt.

indeed, in the event of an emergrhe being unable to pay back its loans, owing to a shortage of assets, the bank itself must make up for that shortfall

"Our priority is to get the enterprise working efficiently. That's the role of the commercial banks. Not only do they

lend credits but they also advise," says Mr Rankow.

As the banking law itself states: "The (commercial) banks' main task is, through their overall activity, by economic levers, to help increase the effectiveness of the economy." It adds: "Banks bear the respective responsibility. respective responsibility jointly with the SEOs for the economic results achieved in the process of crediting and of the joint utilisation of funds."

Most Bulgarian economists believe the banking reform has made enterprises much more aware of good housekeeping. In the past, although the national bank and the BFTB granted credits for investments, the needs and committee profile of the enterprises were received. the enterprises were rarely in contrast, under the terms of the new banking law, given

the increasing emphasis on efficiency and specialisation, the commercial banks along with the SOEs, are slowly gain ing a clearer picture about the direction in which sections of

the economy are heading.
That direction, in the view of
Mr Andrei Lukanov, the Minister for Foreign Economic Rela-tions, is towards singling out for special treatment certain areas of the economy, such as electronics and bio-technology, with the aim of improving

But if the commercial banks have such a wide range of powers and autonomy, what then is the role of the national bank which once held the monopoly on banking?

its primary functions have not changed. As is the case with any central bank, it circulates cash and regulates the turnover of money and interest rates. It is also involved in working out state policy aimed at safeguarding, regulating and stabilising the leve, the

national currency.
At the same time, it keeps a very close eye on the commer-cial banks. For instance, it fixes the minimum admissible. ratio between a bank's own resources and the risk balance assets and other non-balance commitments of the bank. It sets interest rates, though the commercial banks themselves have a certain amount of discretion on what interest rates they set for loans to the enter-

prises.

The national bank also carries out checks and audits of the commercial banks' activities. And if, at the end of the financial year, a bank has made losses which cannot be covered from its reserve funds, the national bank can either reorganise the bank or cesse

its activities altogether.
But it is the task of the Bulgarian Poreign Trade Bank, a oint stock company compris-ing the national bank, the com-mercial banks and other state bodies, to monitor all the country's foreign trade transac-tions. In a nutshell, the BeTB co-ordinates the activity of commercial banks with foreign

According to Mr Rankow, the banks, working closely with the BFTB, are free to borrow hard currency from for-eign financial institutions and banks. The amount they can borrow depends not only on the bank's own hard currency reserves, but also on the ability of the enterprise to generate export markets capable of

pertnera

epaying loans to the banks.
This is where the BFTB plays another function. It looks after, among other things, the bank accounts of those hard currency funds held by SEOs as well as providing a service for those that for those state bodies and SEOs involved in foreign currency transactions.

hankers reckon the new banking reforms form the basis of a more efficiently-run economy. However, they also suggest that the commercial banks are operating against an unfavourable background of poor eco-nomic results, caused partly by bad weather conditions as well as a growing hard currency

This could restrict the banks' activities in terms of raising hard currency credits. That in turn, could have a neg-ative spin-off effect on some enterprises who are in desper-ate need of hard currency in order to invest, modernise and compete on western markets.

This assessment is the more cautious, if not somewhat pea-simistic, scenario. But Bulgarian optimism is based on the premise that because the prevalling economic conditions are not so good, now that the banking reforms are being implemented, enterprises and the banks might become even more cost-effective and efficient in the long-term.





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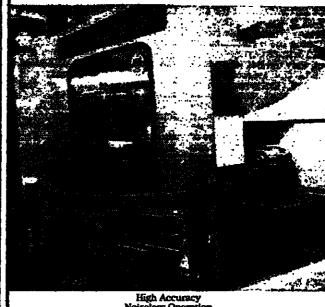
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ELECTRONICS

Growth needs reforms

WHAT MORE difficult task WHAT MORE difficult task can there be for an East European economy finan to develop a base in the sale of high technology goods? Electronics, robots, computers: in the rest of the world, these areas are expanding at a mad pace, one that is closely linked with the growing sophistication of the

Yet it is in precisely these fields that Bulgaria wants to expand. The Comecon trade network depends on each country developing an export speciality, and Bulgaria's lot is to have been dubbed the bloc's supplier of high tech equip-ment. It is an industry whose development is often at odds. with the country's relatively inflexible economic structure. In keeping with so much of

st Kuropean industry, the East European industry, the Bulgarians are more interested in manufacturing an extremely broad range of high tech equipment than specialising in a few carefully-selected areas.

The "Electronics Industry Association," the government body that works out the development strategy for the certain

opment strategy for the sector, lists 15 areas in its product structure, including personal computers, communications systems, robots, magnetic memory equipment, metal cut-ting machines and television

How many countries with 10m people produce strategies like that?

This equipment accounts for 27 per cent of Bulgarian exports, the vast majority to the Soviet Union. Bulgarian computers hardly ever reach the West, however, with the ratio of exports to Comecon and the West at 40-1. However, the sector accounts for only 9 the sector accounts for only 9 per cent of Bulgaria's national income.

out in the field there are about 160 enterprises, employing a total of 150,000 people. The Electronics Industry Assoclation says that it co-ordinates the work of these enterprises, while allowing them to retain their full economic indepen-

In practice, it probably regu-lates enterprise development a great deal more than that. Bulgaria's mounting hard cur-rency dest means the associa-tion must carefully monitor which projects get an import-licence. Moreover, in foreign relations, the association acts as a ministry: western firms s themselves to the association first, then to the enter-

At the association's headquarters in Sofia, Mr Vidko Videnov, the deputy chairman, had no doubts about the chief hindrance to Bulgaria's growth in electronics. The Cocom list (which prohibits the export of some sensitive high tech goods to the East Bloc) is, in his words, "an archaic institution." Bulgaris, for instance, would like to import a production line with which to manufacture flexible diskettes. But Cocom is making it difficult.

Bulgaria also wants to reno-vate her internal telecommunications system and introduce digital telephones. However, the country is still waiting for

Yet Mr Videnov does admit that the growth of the electronics ector is also closely related to the degree of reform in Bul-garian society and in the econ-omy. If "horizontal" relations are allowed to develop between enterprises in different economic sectors, then the com-puter industry will be able to reach out to specific enter-prises that need computer back-up. "It is a parallel pro-cass," he says. "Reforms in the economy require electronics and the electronics sector

and the electronics sector needs there to be reform. Things ought to be developing even more dynamically."

As an example of change, he cites how recent reforms in the Comecon structure allow contexts between individual enterprises in different countries. One of Bulgaria's metal-cutting factories has recently been allowed to sell equipment directly to a textile factory in the town of Ivanovo in the Soviet Union.

But what scope is there for private initiatives, for the whizz-kid with a promising invention developed at school or in the home? Doesn't the association want to foster opportunities that will encour-

Mr Videnov is less keen on that, arguing that private initiatives are of short-term application. They tend to be good for a quick bit of profiteering and with interest only on the internal market. There is a demand for new computer pro-grammes, for instance, but privately-designed ones won't make a lot of difference." Nev-ertheless, the Bulgarians are trying to improve the level of computer training in and out of schools and a number even gain scholarships to study

But, for the moment, the best chance of growth in elec-tronics lies in attracting well-known companies to invest in the country. Bulgaria produces Apple computers under licence, for instance, and an IBM PC-AX clone, both of which are available domesti-cally for retail. West Germany's Slemens group has been in Bulgaria since after the war: the company is well-placed to win an important contract to build a central telephone exchange in Sofia.

At the same time, the Bulgarian leadership must make difficult decisions about which high technologies it should invest in, and which it should disband. With its rising hard currency debt, the country will find it less and less possible to fund the wide variety of pro-jects it has undertaken. However, the problem with slim-ming down is that Bulgaria has a wide range of obligations to the Comecon Bloc which must be met.

It seems that political reform, in the widest sense, is the only way to open the doors to Bulgaria's electronics indus-

James Blitz



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X.

tourist industry.

rounding areas - offers more than just a wonderful view: it

marketing, expand the range of

services and encourage more

individuals, besides package

groups, to come to this Balkan

country.
"It's a psychological aspect

as to why people from the West do not come here," says one senior Bulgarian tourist offi-

cial. "Some people feel that they cannot relax in a socialist

It is true that the Bulgarian

tourist industry has been through a bad patch. After the Chernobyl nuclear accident,

tourists stayed away not only from Bulgaria but from other

But now, the Bulgarian

authorities are prepared to

invest between \$3m and \$4m a

year in publicity and market-ing in an industry which

employs more than 50,000 peo-

East European countries.

TOURISM -

ON A clear afternoon, the drive up the winding road to the top of Mount Vitosha is spectacular. The mountain, situated a few kilometres outside the capital, Sofia - and its sur-

A 'workers' paradise' opens its doors

has become a vital hard curple. The snappy brochures are having an effect. Tourists are rency earner for the Bulgarian again flocking to Bulgaria. In Here, the authorities have 1987, 3.8m westerners and built smart hotels, lodges and a around the same number from the socialist countries spent decent infrastructure for skitheir holidays in Bulgaria. This ing. And it was here that the led to a 20 per cent increase in Bulgarians pinned their hopes on winning the nomination for hard currency earnings. the 1992 Winter Olympics.

The greatest attractions are Alas, they did not manage to the skiing resorts, either at persuade the selectors. But undaunted, Bulgaria is fast Vitosha or at Borovets and Barnsko, followed by the resorts on the Black Sea. realising that tourism is But the real gems are to be found in the hinterland. becoming a much more important industry and is pressing ahead with ideas to upgrade its

Here, one discovers a largely unknown Bulgaria. For instance, the Kazanluk Tomb, set in the Valley of the Roses in central Bulgaria, reveals the country's rich heritage. This used to be the capital city of the Thracians during

the fourth century. After exca-

vators discovered the entrance

to the tomb back in 1944, the authorities have since been sensitively preserving the area. There are many such histori-cal sites scattered throughout the country such as the Madara Horseman, set in a hilly area between the Balkan Mountain range and the Danube. On this spot, once ruled by the Roman Empire, then later Byzantium, the Bulgarian

state was founded in 681. The hinterland also offers a vast range of spas. The town of Sandanski,



where Spartacus is supposed to have been born and raised and which is located at the foot of the south-western slopes of Pirin Mountain, near the Greek border, is probably the most famous of these spas.

This old Roman town called Sveti Vrach (Saint Healer) in the tenth century after the two doctor brothers Kosmo and Damyan, tapped the rich mineral healing waters of the region - speci alises in the treatment of pulmonary diseases and bronchial

But as more and more tourists explore Bulgaria, the authorities are making plans to expand their range of services. quickly relegated. The hotels are now the num-

All the 644 hotels in Bulgaria are owned by the state, but the quality of service can vary

A few years ago, after the Japanese had set up a joint venture with the Bulgarians to build and manage the Hotel Vitosha, in Sofia, it became the "in-place" for well-heeled tourists. The old Grand Hotel, situ-

ated in the centre, whose name, incidentally, must be treated with some caution, was

Now the same fate is fast happening to the Vitosha. Once the elegant Sheraton Balkan Sofia - probably one of the best hotels in Eastern Europe – opened its doors in 1986, both the quality and ser-

vices slipped in the Vitosha. "It's like that. Once there's a new hotel, attracting good hard-currency customers, instead of competing, the old

us and go there. The once smart hotels just seem to give up," sighed one experienced hotel manager.
The problem is that the staff

has few incentives to maintain services and is still learning to cope with the demands of the fussy western businessman who is used to, and expects, efficient and fast service.

Hotel managers know that they are in a difficult situation. They are not allowed to set the salaries and wages of the staff, so it is difficult to introduce incentive or bonus schemes. All hotel regulations are set by

Managers also admit that their own staff training schemes need much more exposure to western norms, of which the Sheraton is well

It trains its 500-strong Bulgarian staff in its own in-house training scheme with the aim of not only maintaining the quality and services of the Sheraton chain but also at making young Bulgarians aware of the needs of both the tourist and businessman.

The effect, to say the least, has been remarkable, as any visitor to the hotel will confirm. The prevailing Sheraton house style is based on good management and good rela-tions with the staff who are given "bonuses." Those who do warned and often sacked, a phenomenon which would not occur in any other hotel in Sofia.

Against this background, Bulgarian hotel managers seem to prefer a philosophical, if not resigned, attitude to hotel management.

Look, you cannot be tough with the workers if it's the workers' paradise," one senior tourist official quipped, adding that he realises services could be much better but without incentives, it is difficult to make the staff work harder.

But things are looking up for both the Bulgarian tourist industry and the visitor from

New legislation now allows listividuals to set up small privately-owned restaurants. This means that the tourist can venture outside the hotel dining-room to sample Bulgaria's rich cuising, especially the way it cooks its lamb.

And since the authorities are now trying to attract the row-ing individual who wants a low-cost but varied holiday.

Bulgarian families are now

allowed to rest out rooms. The authorities also have their eye on attracting western hotel chains to invest in Bulgaria, either on a joint venture basis or else on a management contract system, like the Sher-

Such plans could well lead to more liberalisation in the way Bulgarian hotels are run. In which case, Bulgaria is on to a hard-currency winner.

Judy Demphay

Wine is the country's fastest growing industry

Vinimpex learns how to cultivate the West

A SMALL office in Sofia has become the unlikely setting for launching Bulgarian wine, the country's fastest growing industry.
The office lacks anything

remotely resembling a public relations bureau.

There are no large, glossy wine posters on the wall. There are no big charts and maps proudly depicting annual yields, the rich vineyards, the arge wine cellars. There is no sign of a wine bottle, glass or

Yet here in the modest headquarters of Vinimpex, Bulgaria s experiencing its biggest mar-

Vinimpex is the trading company of the Bulgarian wine industry. Its main task is to market the wine produced in the four main wine-producing vineyards - Vinprom, Perushtitza, Septembri and Turgov-

In the past, little attention was given to the wine indus-try. Before and after the Second World War, most of the exports were earmarked for the Soviet Union and Eastern

Indeed, until Mr Mikhail Gorbachev, the Soviet leader, introduced his anti-alcohol campaign, Russia - followed by Poland and East Germany accounted for over 80 per cent of Bulgaria's wine and liquor exports. But the abstemiously-

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campaign caused a bit of a hiccup for Vinimpex, which had to adapt its exports to the new official Soviet drinking habits by cutting back on liquor and spirit sales and replacing them with more bottles of sparkling wine.

Vinimpex officials now say that they are exporting 150m bottles of wine, including sparkling, to the Soviet Union. Today in Moscow, as in Sofia, wine is deemed a less alcoholic beverage than the traditionally much-loved glass of vodka.

But that same year, as the Soviet anti-alcohol campaign was getting into full swing, something quite unusual happened in another part of

Balkan

That decision was instru-mental in changing British attitudes towards Bulgarian Until then, marketing Bulgarian wine in the UK had been a modest, if not timid, venture with total sales topping 80,000 cases in 1980. But the Bulgarians reckoned

Bulgaria's wine export market. Vinimpex decided to buy out

Bulgarian Vinters Company, the UK-based import and distri-

bution agent for Bulgarian

wine which was then partly

owned by an English company.

and lucrative market. After all, by 1985, with the minimum of advertising and marketing, they were selling over 341,000 case ver 341,000 cases. Then the breakthrough

this was a potentially growing

came. Using a leading British advertising agency, Vinimpex launched its assault on the media, supermarkets and bill-boards. Bulgarian wine, especially its wonderful Cabernet Sauvignon and Chardonnay, soon attracted the taste-buds of the British.

By 1987 the number of cases had risen to 1.3m. In hard cash terms, that was worth \$20m. This year, Vinimpex is aiming for the 1.5m mark. The company achieved this remarkable breakthrough

owing to a number of diverse

First, during the 1980s, drinking habits in Britain were changing quickly. More and more people were drinking wine. Here was a wide-open

Sensing the new trends, Vinimpex bired a British consultancy firm to assess the market potential and come up

with a strategy. That strategy had one aim: to make Britons aware of Bul-

With this as the number one priority, the Bulgarians started spending large sums on advertising and marketing, not previously the enterprise's

In 1987, it spent more than \$1.8m in the UK. And today. over half of Bulgarian wine exports to hard currency markets go to Britain. But what about the rest of

Europe? Has Bulgarian wine schieved the same success for instance in Sweden, West Germany or the Netherlands? Vinimpex says it faces different markets and different state

instance, Sweden, which accounts for 10 per cent of Vinimper's European sales. has tight liquor laws which discourage advertising of discourage advertising of alcohol, including wines, while in West Germany, a difficult market to crack, Vinimpex says it has to face wine import

On the other hand, Vinimpex is preparing to launch a new marketing assault in the Netherlands. This will focus particularly on supermarket

As for the US markets, Vinimpex is a little pessimistic. Sales this year are down 25 per

ever, Vinimpex's relationship with the US is based on an agreement whereby in exchange for wine, Vinimpex receives Pepsi-Cola concentrate which is sold on the Bulgarian

domestic market.
These different trends and tastes in the western markets have meant that Vinimpex has had to adopt longer-term strategies in the cultivation of

certain grapes.
For instance, the European taste for the Sauvignon grape. which takes between four and five years to cultivate, caught the Bulgarians completely by surprise. They had to put aside more acreage for the grape in order to meet the rising

But what worries Vinimoex is the possibility that European tastes could change overnight. And if this were the case, For example, the Swedes have suddenly switched to the top quality and expensive Bulgarian Mayrout. This has stretched Vinimpex's resources in meeting orders, so much so that they have had to fall back on a producer in France, just in case their own supplies dry

Vinimpex officials, in their rather laid-back manner, are confident, however, that they can adapt to new market trends, if not create them. Their remarkable success story in the UK has proved the point.

Judy Dempsey

PRIVATE SECTOR

Uneasy way ahead

reserved a private taxi. There the driver was, waiting in a

the differ was, waiting in a shining Skoda car.
Nikolai was 32 years old.
An engineer, he worked eight hours a day in a state-run office. Under the new regulations, he can work an additional three hours in the

private sector.

He was a bit tired. But he needed the money. The average monthly income is around Bulgarian Leva 250 (about £175). And with the price of top quality coffee recently increased by 100 per cent to Leva 50 a kilogram and sugar by 50 per cent to Leva 1.50 for the same amount, this man needed the extra cash. But did he have problems with the official

Driving into the centre of Sofla from the airport, two tough-looking policemen stopped the taxi. A routine check. Identity papers, driving licence, permit to run a private taxi. The whole business. They questioned him for 10 minutes. Not because they suspected his papers were not in order. But because they, like other Bulgarians, often resent those working in the

private sector.

"You have no idea what it's like," said Nikolai in his broken German. "It's a regular thing. Many resent the extra money we earn." He was proved right. On three separate trips with three different private taxis, the

police waved them down.
"The checks are routine. But it's also a reminder that you still have to look over your shoulder. The state is very much in control," said another taxi driver — a

teething problems facing the private sector.

Because the country's economy has been run by the state since the Second World War and since there exists a deeply ingrained official attitude which esponses egalitarian principles, any relaxation of the old rules is likely to cause initial resentment and some difficulties.

But the Bulgarian authorities are increasingly aware that the public needs better services, such as small bakeries, laundries, taxis, little restaurants and repair shops. The state cannot provide these services efficiently and quickly, so it has had to open up the

economy. That has been a cautious process. In the first experiment for some years. the authorities embarked on what are known as "auctions." This allows an individual to make a down-payment on a lease, say, for a small restaurant.

Under the existing rules, the lease is for five years. And the owner is not permitted to employ anyone outside his immediate family. In spite of these restrictions, the private sector is beginning to breathe. Young, enterprising Bulgarians are hoping it will last and expand even further.

But their parents point out that a similar experiment was tried in the late 1970s. Then, the state allowed privately-run restaurants along the Black Sea. They were an immediate success. Service was faster. The food was better. The nment was more

the challenges. Some lost customers. Others bitterly complained to the conservative local powers. The time-honoured traditions of egalitarianism — if not jealousy — put an end to the brief honeymoon of private

enterprise.

This time round, the private sector looks like becoming firmly established. Restaurant owners admit there are some drawbacks. They think the leases are far too short, which means that some budding entrepreneurs are reluctant to pour in large amounts of capital and savings into their

new projects.
Even if they do, and if business is thriving, they feel they should be allowed to employ more people. But they say that they welcome the changes. At least it is a eginning. Outside Sofia, the private

sector is taking shape on a different level. Besides the smart, new restaurants along the Black Sea, tourists can now stay privately with

The Hungarian and Polish authorities set this system up years ago. Not only did it provide cheap accommodation for young travellers, but it also compensated for the shortage of hotel beds.

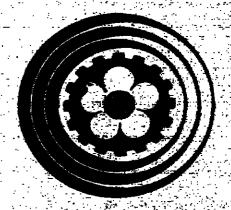
Bulgarian tourist officials say more and more tourists, especially those from the socialist countries, are opting for the family accommodation.

They admit, however, that standards will have to improve if they want to attract more . tourists from the West. But like most things in Bulgaria, that will take time.

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American Ballet Theatre Clement Crisp at the 26th annual International

Dance Festival in Paris last week

s part of its annual this is the twenty-sixth year - interna-4 sixth year - International Dence festival, Paris was host last week to American Ballet Theatre. A repertory of four works was permutated through two eve-nings, the constant being the 'sensation" of the company's spring sesson in New York, Massine's Gaile Parisienne dressed, if that is the right word, by Christian Lacroix, also the "sensation" of the New York fashion scene. Two recent novelties to the reper-tory, by Mark Morris and Clark

tory, by Mark Motter and Clark Tippet, joined Antony Tudor's Pillar of Fire, as the other offerings of the wall. The Morris piece was of spe-cial interest, for the choreogra-pher has been the during of New York commentators for the past few years, and when Maurice Bejart announced his departure from Brussels to Lausanne in 1867, the adminis-tration of the Theatre Royal de la Monnaie pulled off a consid-erable coup by inviting Morris to install his troupe in Brussels. (Next month he will present his first programme: no aesthetic break with the past could be more severe than the difference between these two

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Morris, who has been seen with a small group in London during a Dance Umbrella sea-son, is intensely alert to the implications of his scores. He is blessed with a sense of for-mal control rare among the post-modernists whence he sprung, and rare even in the world of ballet, where he now works. Drink to Me Only, his ABT creation, is a marvel-lously fluent and imaginative response to a collection of piano studies by Virgil Thomson. Their titles — "double glissando;" — "broken arpeggio" — indicate their planistic concerns, if not their post Czernyan felicity, and the final." "tenor lead" adapts the song that gives the piece its title. Six couples are dressed by Santo Loquasto in white, the Santo Loquasto in white, the men in track-suits, the women in unhappy dresses with vestigial and distracting tights from thigh to knee, while the piano, centre-stage, is the only setting Michael Resisting Michael Resistant Micha

ting. Michael Boriskin plays the studies excellently well; the dancers pass in front of

him. They form links and rela-

tionships dictated by the music or by the special choreographic conceits that Morris is considering, and an air of sportive bravurs emerges happily from the dancers' bodies, and holds DE FEDE.

I saw the piece twice, loving it even more the second time than the first, delighting in Morris's unaffected skill and in the superb gifts of its cast. It is an ensemble work, but ABT fields a dozen brilliant dancers, among whom Danilo Rodojevic and Carld Jonassalnt were outstanding, and characteristic, this short season suggested, of

The 'sensation' of company's spring season in New York was Massine's Parisienne, dressed

to kill by Christian Lacroix the fine abilities of the com-

pany today.
The dancing was also generously good in Clark Tippet's Bruch Violin Concerto, but this is a very different assemblage of neo-classic steps. Mr Tippet is still inexperienced as a choreographer, and in yielding to Bruch's romantic posturing, he has relied upon academic conventions, and then apparently realising that he must be his own man, has produced awkwardly innovative ideas that sit oddly with the polite music and polite dence style he has adopted. There is clear evidence of craftsmanship in the setting out of the choreography, but the effect is never more than decently bland, and the dancers are nowhere halped by gium, unbecoming tutus and doublets.

There were almost schizophrenic variations in the way ART presented the two traditional works in repertory. Antony Tudor made Pillar of Fire for the company in 1942, and this study of a woman's assual frustration - she gives herself to the wrong man out of despair, then finds happiness with a maturer friend - was

Donna McKechnie in "Can-Can," which opened at the Strand Theatre last night. Martin Hoyle's review will appear in tomorrow's paper

sustained originally by the emotional power of Nora Kaye as the woman, Hagar, and Hugh Lsing as the man to whom she gives herself. Now the ballet has acquired

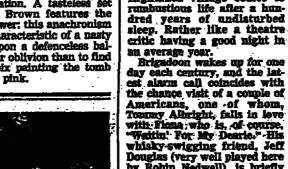
the status of a masterplece in the ABT canon, and I saw it receive the reverent and careful performance that befalls works when they become sacrosanct. The emotional drive of the dances was braked, in the name of "Tudor style;" the fires burned dim. I thought Lesiis Browns, as Hagar, had the tense, clear line needed for her role, the supporting cast appeared conscientious — but

that will not do for Tudor. There was nothing conscientions about Gold Parisienne in its new incarnation as a fash-ion show. It was never a major Massine ballet, and Maurice Rosenthal's orchestration of Offenbach is determinedly unsubtle, but once upon a time, with Massine as the Peruvian visitor to the Paris Exhibition of 1867, intoxicated by the second Egg, maxicated by the Second Empire frou-frou of cocottes and bewitching feminine charm, it beguiled us through the light-heartedness of its characters.

It seemed, after a long absence from ABT's repertory, an unlikely candidate for revival, but now it has been

revival, but now it has been exhumed, its cheeks hectically exnumed, its cheeks nectically rouged, and in Lacroix grave-clothes the poor old thing has been galvanised on to the stage, where it jigs with a St. Vitus energy in the hope that we shall not catch the strong whiff of putrefaction.
It is a ballet dressed by M.

Lacrolz to kill: to kill characterisation, choreography, and Massine's reputation as a maker of feat dances. Garishness is all. Candy-striped Pelion piles on polka-dotted Ossa. Acrid clashes of vicious colours and pattern, pull-ball shapes and feathers, bows and ruffles battle with hyper-manic determination to prove that nothing succeeds like excess. It is an invitation to migraine, and the dancers and their roles are buried beneath brutalities of decoration. A tasteless set by Zack Brown features the Riffel Tower: this anachronism seems characteristic of a nasty attack upon a defenceless bal let. Better oblivion than to find M. Lacroix painting the tomi



whose trate rival threatens to break the miraculous spell of enchantment by emigrating to Edinburgh. There are jigs, reels, sword dances, a wedding and a funeral. What I had forgotten from my experience of a schooldays production is the extent to which the second act is a gloomily compelling epi-logue where Tommy's flash of experience transforms his life and justifies his rejection of

London première of 1949 who sat near me last night, regaled me with an appreciation of Noela Gordon's Meg Brockle on that occasion and of the choreographic fidelity on this



Lesley Mackie and Robin Nedwell

Brigadoon

than Budgie.
This, I admit, is
not saying a lot.
Brigation is the 1947 musical play by Alan Jay Lerner and Prederick Loewe (their third collaboration and first success) in which a magical mist-laden Highlands village comes to rumbustious life after a hundred years of undisturbed sleep. Rather like a theatre critic having a good night in

est alarm call coincides with the chance visit of a couple of Americans, one of whom, Tourney Albright, falls in leve with Fiona who is, of course, "Wattin! For My Dearle." His whisky-swigging friend, Jeff Douglas (very well played here by Robin Nedwell), is briefly proceed by the hyperthyroid mared by the hyperthyroid soubrette. Mez Brockie.

Manhatian mores. Roger Red-farn's production underlines this contrast very well.

There is no way of updating the presentational style of Bri-gudoon. In fact, a dancer in the one to Agnes de Mille's origi-nal contribution.

Today's Meg is Lesley Mackie, who whips up a storm in "My Mother's Weddin' Day." The best-loved songs, though, are two beautiful duets for Flona and Tommy. "The Heather on the Hill" and "From This Day On." Both are dramatically impregnated by the state of a relationship and both charmingly delivered by Jacinta Mulcahy and Robert

Is the musical more than a crassly nostalgic sight-see? I crassly no taigic signt-see? It think so. Loewe investigates all sorts of Scottish rhythms and characteristics (the keening bagpipes at the funeral, the jigs and reels of a tumultuous market day, the invading speakiness of an atmospheric climate) and makes superb use of underscoring and emotional elision. Lerner's book and lyrics are continuously elegant and à propos.

Tommy Shaw's dance

Fiona's sister is marrying arrangements at the Victoria Palace are needle sharp, with expert classical execution from Sorkina Tate and Ian Mackenzie Stewart. Maurice Clarke as a ginger suitor expresses a full and simple lyrical line in "Come To Me, Bend To Me," which could easily have been an empty lift shaft of a song, but isn't. Martin Johns's designs are

solidly evocative, with great revolving crags, painted cloths of photo-realist intensity in the glen scenes, and a wonder-ful Gothic abbey ruin inlaid with stained-glass windows and creeping plant life. This last spot is presided over by Leonard Maguire's croakly authentic village dominie, a fine touch of casting that lends credence to thematic content in the midst of fairytale escap-

Michael Coveney

Book of Birds at the Tate

patron and arguably his dearest friend. A visual wit-ness to their friendship is a

previously unpublished pastel

which portrays Fawkes with a

half-open portfolio of Turner

drawings. After Fawkes's death in 1824, the artist could not bear to visit the house, though he remained in regular contact with the family.

His agreeably simple and

direct watercolours of the

Susan Moore on Turner's Farnley watercolours

An unexpected aspect of senior, was the artist's greatest Turner's genius is revealed in the latest exhibition at the Tate's Clore Gallery (until December 11). It presents Joseph "Mallard" (his pun) William Turner, the ornithological draughtsman. Between 1808 and 1824.

Turner executed a group of 20 watercolours of wild and domestic birds for a five-volume "Ornithological Collec-tion" of bird feathers and engravings, which was being compiled by the Fawkas family of Farnley Hall in Yorkshire. To Ruskin, writing after the artist's death, these inventive, little known bird drawings were "more utterly inimitable than anything else he had

In the 1850s the watercolours were removed to a separate album which, in 1984, was sold to pay for the restoration of to pay for the restoration of Farnley; after a successful national appeal, it was acquired by Leeds City Art Gallery, Cleaned, restored and separately mounted, they went on show in the gallery for the first time in April, alongside a clearing segment of meteors. glorious sequence of watercol-ours of the house, park, and landscape around Wharfedale on loan from Farnley in an exhibition sponsored by the Leeds solicitors Hepworth and Chadwick.

For the London showing, the Tate has added more material watercolours of birds, fish and dead game taken from both the Turner Bequest and outside — and is publishing Anne Lyles's wider study. Turner and Natural History. It is telling that Ruskin believed that all of Turner's birds were executed "Nowhere but at Farnley. He could only do them joyfully there!" A Farnely he shot, fished, painted, and was "as playful as a child." For once, it is possible to glimpse a private side of Turner. Walter Fawkes, six years his

Head of a Peacock house, particularly of Carr's

splendid neo-Classical interiors, provide a charming record of family life. Executed in an impasted opaque bodycolour on buff paper, they are in spirit and technique quite different from his typical presentation drawings (though, at times, they do not look like the work of a Professor of Perspective). He later recorded that his first success shooting on Farnley Moor was a cuckoo which the seven-year-old Richard Fawkes begged him to paint for the

"Ornithological Collection." That, it would seem, was Turner's introduction to the long-standing family project.
The aim of the Collection was to represent the plumage of every species listed in Bewick's History of British Birds, the plates from which were cut out and pasted into the volumes. These were supplemented by a few of Bewick's original drawings, and water-colours by Turner, Samuel Howitt and family, friends and local gentry. Anne Lyles's cata-logue unearths much new information: the Farnley projects were certainly serious, if not scientific, since Fawkes not

only published his own four-

volume Synopsis of Natural History but also stocked his estate with zebras and Indian Turner's birds are also "unscientific" in that they suggest little of the structure of the bird or precisely detail its plumage. That is their innova-tion. Rather, they convey a remarkable sense of character:
the heady-eyed heron, fish in
beak; the brooding white owl;
or the ludicrous turkey cock
and guinea fowl. The birds have a vitality that belies the fact that they were probably painted when dead. Turner painted when dead. Turner ingeniously adapts his technique to suggest the different textures of feather, beak, claw and eye, making deft use of dry brush, thumbprints and scratching out for highlights.

Most of the drawings are vignettes of head and neck, a

format appropriate to book illustration. Other species are portrayed whole but poignantly distorted in death, or hang like the dead game found in Fawkes's Dutch and Flemish still-lives such as the centre-piece of this appealing, smallscale exhibition: the spectacu-lar study of a dead pheasant and woodcock hanging against an elaborately carved picture

Steve Reich

ELIZABETH HALL

A substantial festival of the music of Steve Reich - American pioneer of "minimalism" - is underway on the South Bank, and so far has attracted full and notably youthful houses. Reich's music has the houses. Reich's music has the cuteness and childish appeal of good pop, as well as the genune fascination of a sort of belated avant-garde scrutiny of the fundamentals of musical sound. The present exposure of almost all his work will allow musicians to decide what Reich's real achievement amounts to.

Tonight and on Saturday at works for various orchestral and choral forces (Tehillim, The Desert Music, Three Move-ments, Eight Lines and The Four Sections) will be done. On Sunday, at the Elizabeth Hall, one can hear the complete version of the celebrated Drumming of 1971; and Wednesday's programme includes two UK

premières given respectively by the Kronos Quartet (Different Trains) and the ensemble calling itself Steve Reich and Musicians (Six Marimbas). That ensemble – in the form of five amiable-looking middle-

aged men, Reich among them
- opened Tuesday's concert with a tight performance of the virtousically simple Music for Pieces of Wood (1973): five pairs of claves are tapped in varying rhythmic patterns to produce a hypnotic and unusual soundpicture. Another ensemble. Goose - a quintet of keyboard-players and percussion-ist which was "hatched" by the now defunct Lost Jockey band - performed the 1970 piece Four Organs, whose musical technique consists of the "gradual lengthening of indiridual tones within a single chord," this being done to the accompaniment of continu-ously shaken maracas. The music ground on and on, inadvertently suggesting hymnal cadences and creating a little nightmare of jammed keys in a dusty organ-loft in a small par-

dusty organ-lost in a small parish church somewhere.

The flautist Sebastian Bell was soloist in Vermont Counterpoint (1982), playing live against a tape of ten other flutes: the bright birdsong effect is delicious, but the artistic concept flawed in that absolutely nothing is coined by lutely nothing is gained by retaining a live soloist, unless the point of the piece is to demonstrate what it is like to be an orchestral player chipping in with his part every so often. Counterpoint (1987) for guitar (David Tanenbaum) and 12 versions of himself on tape, prompted the same thought, though the general charm was undeniable and the recreation of Central African horn music

Paul Driver

Hallé Orchestra

FESTIVAL HALL

Enthusiastic reports on the progress of the Hallé Orchestra under Stanislaw Skrowa-czewski have been filed regu-larly on this page. Their latest London appearance, in a Rus-sian programme at the Festival Hall on Tuesday, confirmed the source of that enthusiasm.

The virtues that were to be

sustained throughout the even-ing were first presented most cogently in Chaikovsky's Romeo and Juliet Overture – a splendid dynamic range with planissimos for the strings brought down to the merest whisper, communicative, pur-poseful wind playing, and dra-matic tension coiled like a

watchspring and released with total precision. And the account of Stravinsky's Rite of

Spring with which Skrowaczewski ended developed the same qualities in a infinitely more intricate context: the febrile instrumental webs which he constructed in the introduction contained as much intensity as the later explosions, while the catalysing interludes between those were attentively shaped and

in Prokofiev's Second Piano Concerto too the skeins of accompaniment contained no

full of often unconsidered

unfocussed contributions; the advantage which the regional orchestras share over their London counterparts - the opportunity to rehearse thoroughly and then perform the same programme a number of times - is perhaps best appreciated in concertos. Rafael Orozco was the soloist (Vladi-mir Ovchinikov had been originally billed); his playing was technically accomplished, but a degree too careful, particularly in the outer movements; less gentility, more barbarity, would have been appropriate.

Andrew Clements

EXHIBITIONS

ARTS GUIDE

The Royal Academy. Henry Moore, a full retrospective exhibition to mark the 90th anniversary of the birth of one of the great artists and pre-eminent sculptor of the 26th century. Ends Dec 11.
The Royal Academy, Toulouse-Lautrec: The Graphic Works.
A comprehensive selection prin-

Matisse and Picasso. 8 Ave
Matignon. Ends Nov 10.
Picasso Masenn. The 17th century Hotel Sale, sumptuously
restored, provides a fitting home
for the world's largest collection
of Picasso's work. It comprises
203 paintings, 152 scalptures and
more than 3,000 drawings and
engravings, 16 collages and 88
pieces of ceramics. It is completed by Picasso's own collection of paintings by his friends,
such as Braque and Matisse, or
by artists he admired 5 Rue
Thorgny. Closed Trestdays.
Galerie d'Art Saint-Honore. Still
lives in Dutch and Flemish art
in the 17th century. Only the A comprehensive selection prin-cipally of lithographs, from the definitive collection made by Otto Gerstenberg, Joint admis-sion tickets are generally avail-able for concurrent exhibitions at the Royal Academy, Ends Jan lives in Dutch and Flamish art in the 17th century. Only the ingrained tradition of painstaking craftsmanship of the time can explain the perfection and the shining mint condition of the paintings assembled by Monica Kruch. There is Jan Brueghel the younger offering his bouquet of flowers in a celsion bowl, while Andries Danielz places Artcurial Zao Wou-Ki's retrospective traces the developmen of an artist formed both by the ancient traditions of Chinese art and by the works of the Impressionists and of Cézanne,

his in a sculpted vase and Abrams m a scurped vase and Aora hambignon in a transparent round one, the globe of which reflects the studio's multi-pan-elled window. 267, Rue Szint-Honore. Closed Sat, Sun and lunchtimes. Ends Nov 18. lunchtimes. Ends Nov 18.
Grand Palais. Seicenio. Caravaggio's century in French collections. A dramatic production
by Pier-Luigi Pinn against a
background of beroque music,
some 170 paintings retrace the
Italian school's triumphant progress from the end of Manierism
to the flowering of full-blown
baroque. Closed Tue, late closing
night Wed. Ends Jan 2 (42560924).

Time Comparison 1988. Thirteen nainters, spanning three generations, present the East German art scene in the 1980s. This exhibition concentrates on figurative peinting and portraits. Among the artists are Hampel, Heisig. Ebersbach, Tubke and Libuda.

Neues Kunstquartier, Gustav-Meyer-Albe 25. Ends Nov 20.

Georg Resellix, The Motif. Forty pictures by the German expres-sionist, born in 1839, from his most recent period. Kunsthalle am Wall 207. Ends Oct 30.

Hermes Villa. Portraits by the fin-de-siècle artists, Gustav Klimt and Emilie Floege, Ends Feb 19. Secession. Klimt's "Beethoven Frieze" is now back in its rightful and original home in the beautifully sectored Secession. beautifully restored Secsation.

Also on exhibition are works
by two young Austrian artists,
Gustav Damisch, the painter and Will Kopf, the sculptor. Ends Nov 9.

Palarzo Grassi. The Phoenicians. The fourth major exhibition at Fist's imposing art centre on the Grand Canal attempts to give a complete picture of this extraordinary people, who domi-nated trade in the Mediterranean nated trade in the Mediterranean for more than 1,000 years before their capital, Carthage, was finally destroyed by the Romans in 146 BC. The exhibition has been given a highly cheatrical presentation by the architect Gae Aulenti, Sarcophaghi project at odd angles from a pile of pink sand on the ground floor of the Palazzo; in an upstairs room, model ships stand immobile in a rippling artificial lake, and a huge polystyrene wave engulis a Phoenicish wreck. Many of the 1,200 objects displayed (gold and silver jewellery, statues and reliefs in terracotta, bronze and

ful and the 750-page catalogue, published by Bompiani, is excel-ient. Until Nov &

New York

Metropolitan Museum of Art. An exhibition of architecture on paper covers four centuries of drawings including works by Frank Lloyd Wright, Louis Com-fort Tiffany and Arata Isozaki, as well as the west facade of the Alhambra that dates back to 1580. Ends Jan 8. 1580. Ends Jan 8, Metropolitan Museum. The first

Metropolitan Museum. The first major Degas retrospective in more than 50 years has 300 paintings, sculptures and drawings covering the artist's entire carear and various interests, from early classical motifs and stiff portraits to the ballet studios and washerwomen that freed his imagination. Ends Jan 8.

women that freed his imagina-tion. Ends Jan 8. Museum of Modern Art. Almost 100 black-and-white prints illus-trate Matisse's influence during a 50-year printmaking career that included lithography, dry-point, etching and linoleum cut. Ends Nov 8. David Nolan Callery, Another

Ends Nov 6.
David Nolan Callery. Another interesting show from a lively Soho gallery that specialises in European artists. Early works by Joseph Beuya trace the development of the German artist from line loopy drawings in the 1950s to the characteristic and entire thing chocons. enigmatic fats and melting choo olates of his later work. Photos of the artist and artifacts of his or the artist and arginets of the teaching career are worked in for an enlightening personal view. 580 Broadway. (925 6190). Ends Oct 29.

Chicago

Art Institute. The first major retrospective in 30 years of Paul Gauguin includes more than 230

objects and major paintings from all the periods of his exotic and far-flung life. Ends Dec 11.

October 21-27

National Gallery. The largest show of Michelangelo's drawings ever mounted in the US illus-trates all the principal phases of his artistic development, divided into sections on draughtsmanship and architec-ture. The nearly 100 drawings include studies of the Sistine
Chapet ceiling and his two major
architectural projects, the facade
of the church of San Lorenzo
in Florence and the drum and
dome of St. Peter's Basilica in
Roma Ends Dec 1 Rosne, Ends Dec 11.

Tokyo

National Museum of Western
Art. Japonisme. A major exhibition, seen earlier this year at
the Grand Palais in Paris, which
explores the influence of Japan
on the art of the West in the late
19th century. The exhibits range
from the straightfurward revue. from the straightfurward repre-sentation of Japanese objects, or an added exotic touch in a conventional portrait – such as Monet's depiction of his wife in a red kimono – to oppies of Japanese pictures and scenes from Japanese life. Closed Mondays. National Museum of Modern

National instead to Modern Oil paintings from the Meiji Era (1868-1912). Japan's first westernstyle art school opened in 1876 and artists soon grouped into followers of the Barbizon School with its sombre devotion to peasant life and use of the more liberated palette of impressionism. Both strands are well repre-sented in this comprehensive exhibition. Closed Mondays.

SALEROOM

Australiana finds market

collection of Australiana sold at Christie's yesterday. The 259-page manuscript was the journal made by Pierre-Bernard Milius, an officer on the official French scientific expedition to Australia in 1800-04, the first expedition to explore and chart the coastal regions. Milius's collection of 76 original drawings of flora, fauna and the native population was part of the lot, and included the finest of the earliest repre-sentations of an aborigine, a watercolour by N.M.Petit. The manuscript is the only account of the expedition not in a French archive, and the first of its kind to appear at public auction. It sold, on target, to an anonymous bidder for

The 43-lot collection sold for a total of £203,242 and was replete with rarities and works

One of the most fascinating of considerable historical manuscripts relating to the manuscripts of Australia was colm's exuberant manuscript the highlight of an important journal of his voyage to Sydjournal of his voyage to Syd-ney on board a convict trans-port ship in 1834-35 is a rare account written by an officer not part of the fleet. It records too his year spent travelling in New South Wales as a Mounted Police officer tracking bushrangers. Estimated at £1-2,000, it went for £3,850. The diary of the daughter of a Surveyor-General of NSW, detail-ing genteel society in Sydney 1865-68, sold to Maggs for £990. Rare published works were in high demand. William Bligh's minutes of the court-martial held on 10 mutineers of the Bounty, estimated at £3-5,000, soared to £15,400 to Maggs. A copy has not been seen on the market for years. A still rarer narrative of the death of Captain Cook by the ship's surgeon David Samwell, went to Quaritch for £23,160.

Susan Moore

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Thursday October 27 1988

Strains in the EMS

WEST GERMANY and France are - both politically and economically - the heart of the EC. When things go smoothly between them, the EC, too, progresses. At the moment, nowever, tensions are beginning to emerge. In their inability to live harmoniously together and their equal inabil ity to live apart, France and West Germany are like a married couple. As the weaker partner, it is France that feels most trapped in the marriage.

Whatever Italy and the UK may feel, it is France and West Germany, which together account for just under half of total EC output, that play the decisive role in the EC. West German growth averaged only 1.7 per cent between 1980 and 1987, while France achieved just 1.2 per cent a year. Inevitably, economic performance of the EC as a whole has been disappointing too, with growth averaging only 1.8 per cent a

year over the same period. This year has seen a remarkable change. Only last December, the OECD forecast GNP growth of West Germany and France at 1½ per cent in 1988. Now it looks as though both economies will grow at close to 4 per cent, to the great delight of everyone apart from the

Vital difference

So what has gone right? Both countries share buoyant consumption and investment. In the case of France industrial investment is expected to rise by 11 per cent this year, while the increase in West Germany is expected to be not much less. There is, however, a vital difference between the two: the growing strength of the German current account, as export performance improves. Meanwhile, the French trade balance has been deteriorating, with the trade deficit for August being particularly bad

at FFr 9hn. As the D-Mark has strengthened against the dollar again, it is no wonder that the Franc has moved close to the bottom of its range in the exchange rate mechanism of the EMS. However unwillingly, the French authorities have found themselves obliged to raise interest rate differential vis-àvis the D-mark, which fell to a low of just over 2 percentage points at the beginning of August, has gone up to just under 3 percentage points

The French authorities are convinced that depreciation should be avoided. A deprecia-

tion would not only lose them hard-won counter-inflationary credibility, but would occur at the worst possible time, given current pressures in the labour market. A depreciation would also not appear to be justified on the fundamentals, since unit labour costs relative to those of West Germany have moved quite strongly in France's favour since 1985. At the same time, the French Gov-ernment does not wish to see

Unfortunately for France, West Germany has only mod-est interest in pursuing a mac-roeconomic policy dictated by French objectives. Indeed, even if the Bundesbank wished to pursue a looser policy (which it does not) it can only do so by policies likely to weaken the D-Mark against the dollar, so undermining the objectives of global macroeconomic co-ordi-

If there is a villain in the story it is not the Bundesbank. whose record of preserving price stability is not to be lightly risked. It is German fiscal policy. What is needed is a significantly more relaxed attitude to the budget, not the tightening now expected, instead. But, desirable or not, it is unlikely to happen. West Germany will continue to pur-

own interests. The French policy of maintaining a fixed exchange rate is credible only if the market believes that the exchange rate can be isolated from the evolution of the balance of payments. Since the market does not believe this, France has higher real rates of interest than West Germany.

Is there a way out of the may well be the mirage of greater co-operation from West Germany, there seems only one escape. If what is known of the evolution of the balance of payments makes a fixed exchange rate incredible, then take the opportunity of the 1992 programme to stop collect-

Loss leaders in banking

FOR YEARS the British before the others unveil their clearing banks complained that their customers' current accounts were a thoroughly unprofitable banking product. No matter that these accounts paid no interest, and that clear-ing bank profits benefited from an "endowment" effect when interest rates rose because of the enhanced value of their "free" retail deposits; the cost of money transmission was so high, we were told, that it would have been more appropriate for customers to pay a charge in exchange for giving the banks money for free. Curi-ous, then, that Lloyds Bank has now decided to pay interest on current accounts from January 4. And why are the other major clearing banks

expected to follow its lead? Cynical analysts will no doubt respond that costing was never the banks' strongest point. In calculating the alleged lack of profitability on current accounts, the clearers may have taken in all the notional costs while omitting some of the notional revenues for which the account was responsible. The banks' party line was also good propaganda, in that it helped deter the building societies from entering the wider retail banking field.

Competing wares With the building societies offering current accounts regardless, that is so much water under the bridge. And in fairness it should also be said that the British public has made it abundantly clear that it does not want transparent pricing in relation to the most basic of banking products. The enthusiastic response to Midland Bank's introduction of free if in credit" accounts clearly indicated that many people prefer current accounts with an element of cross-subsidy. The sheer speed with which Midland built up market share at the other clearers expense explains why Lloyds will not have to wait long

domestic economic growth strangled by high interest rates

Story's villain

sue a macroeconomic policy dictated by what it sees as its

Under what circumstances might the market believe in exchange rate stability? It will do so only if the balance of payments looks sustainable in the long term. But it may not look sustainable, given French trade performance, without progressive depreciation. The policy is then internally con-

ing these figures altogether.

competing wares What is surprising about the Lloyds initiative is not so much that it is an obvious loss-leader as that the terms are sufficiently generous to have made a general dent in clearing bank share prices after the announcement. In the indement of one retail banking analyst, no bank anywhere in the world is offering a current account on such attractive terms. Purely in terms of the British market, the tiered interest on the new account is more favourable than anything on offer from the building soci-

Ancillary services

That says a great deal for the increase in consumer power brought about by deregulation and the resulting increase in competition. But it also indicates that Lloyds is using the current account to secure a longer-term customer relationship which it hopes to exploit by selling more profitable ancillary services through an expensive branch network. The pressure to do so has been greatly increased by a develop-ing trend in savings habits: in the 1980s, the share of bank and building society deposits in total household financial assets has declined relative to contractual savings and securi-

ties ownership. Whether the consumer benefits from a process that the Americans call "leveraging the customer base" is a more complicated issue. Cross-selling household insurance with mortgage loans has certainly been a success for the building societies. But it is sometimes suggested that they exert undue pressure on customers to take insurance when shop-ping around would have pro-duced a better deal. Perhaps a public that does not want transparency in the pricing of banking products simply gets what it deserves. But the competition watchdogs will need to ep a weather eye open.

"Incomes have become more unequal during the Thatcher years; and the degree of inequality has increased according to any measure you like to

"The rich have become richer and the poor, poorer. That is the price we have had to pay for the economic mira-

oth these slogans would express popular perception of the social cost of the Thatcher years, the underside of the British economic improvement which, for all the problems with inflation and the savings ratio, has undoubtedly occurred. They express too why MPs feel uneasy about any thought of freezing child benefit. Yet on closer examination two slo-

gans are completely different. The first happens to be true and the sec-ond untrue. For, while the better-off have gained a good deal more than those at the bottom end of the income scale, both groups have gained quite a bit in real terms.

It should be common ground that during the Thatcher period there has been a clear upward shift in the proportion of wage and salary income going to those at the top end and a fall in the proportion going to those at the bottom

There has also been a remarkable drop in the share of household incomes accounted for by wages and salaries, which fell from 67 per cent as recently as 1978 to only 60 per cent by 1985. This mainly reflects an increase in the proportion of both retired and unemployed, but also some improvenent in pensions, especially at the private end

The distribution of income has thus become noticeably more uneven. The richest fifth of UK households accounted in 1976 for 44.4 per cent of original income before tax or benefit. By 1985, they accounted for 49.2 per cent, according to estimates by the Central Statistical Office (CSO). The bottom fifth had a negligible proportion of original income by 1985.

These are quite large changes in percentage shares which normally alter very slowly. Shares of disposable income, estimated after tax and social

security, changed much less.
The top fifth of households increased their share on this adjusted basis from 38.1 per cent in 1976 to 40.6 per cent in 1985. The share of the bottom fifth dropped only from 7 per cent in 1976 to 6.5 per cent in 1985, after tax and benefits. The estimates are a snapshot taken in a particular year. Lifetime incomes are more evenly distributed. Many year-to-year fluctuations cancel out; and in addition, most households go through a cycle with income highest in their peak earning years, and lowest in retirement or at the beginning of a career.

But having made all these qualifications, the trend has been bad from the point of view of a strict egalitarian. Even the post-tax, post-benefit trend has been towards greater inequality. But many people will be interested not in degrees of inequality, but in

how people at different points in the income distribution actually fared. The issue of whether poverty in some basic sense has increased or diminished is bedevilled by a battle between the poverty lobby and the Department of Health and Social Security (DHSS) statisticians. Poverty used to be defined conventionally in mentary benefit levels (now called income support) paid to ensure mini-mum standards for the retired, unemployed and sick when basic benefits

are inadequate.

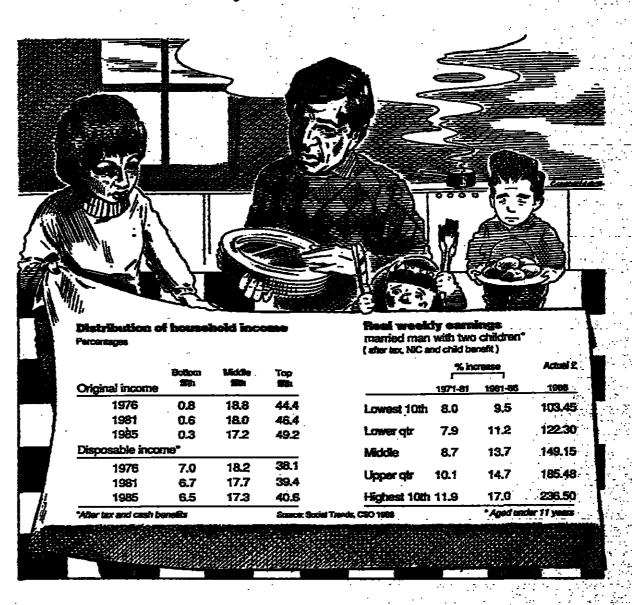
The DHSS points out a number of perverse effects of the old yardstick. For instance an increase in real benefits has the paradoxical effect of raising the numbers shown in the poverty category, while a cut in benefits would reduce the numbers.

The DHSS's preferred approach is to look at different points in the income distribution and see how various types of household have fared in

ECONOMIC VIEWPOINT

Relative positions v. absolute values

By Samuel Brittan



real terms. The new yardsticks have come under fire from the Commons Social Services Committee. But as analyses on that basis only cover the short period 1981-85, one can mercifully avoid taking sides.

The chapter on income and wealth in the last issue of Social Trends covers a longer period and gives, for instance, changes among the least well-off fifth of UK households. According to the CSO statisticians, households in that group experienced gains in real disposable income of 1977 and 1985. The greatest improvements have been for retired and oneperson households.

The changes recorded for wage and salary earners are likely to be less controversial. Employees in the bottom tenth of the pay distribution scale earned on average, after tax and benefit, just over £103 per week in 1986. Their increase in real earnings over the period 1981-96 came to 9 per cent, a good deal less than the 17 per cent gained by the £236 per week family at the top of the earnings scale. Even so, however, the family at the bottom received a larger net increase

in earnings after allowing for inflation in the quinquennium 1981-86, under the present Government starting admittedly in a recession year - than in the whole of the lecade that preceded it.

The implication is that the tax and benefit system was, despite the tax cuts at the top, quite an effective redistributive agent during a period of great change, when market forces were making for a greater dispersion of earnings and over two million jobs were lost in manufacturing.

estimates might seem to conflict with the evidence of one's own eyes. The estimates suggest that benefit incomes have at least been maintained in real terms, while workers with low earnings have received substantial absolute increases in real

take-home pay.

But how is this to be reconciled with the evidence of those who do not have ministerial cars and witness the great increase in the number of peo-ple sleeping under the arches or in the streets and the growth in the number of down-and-outs of all ages? One problem is that the official sta-

tistics cover only households. The homeless and people in institutions are excluded. There are, moreover, all sorts of problems related to the under-class on the margins of society, which are not usefully discussed by means of general tables of income distribution or by aggregative economics

A as it necessary for the poor to have slipped so block in their relative position, even if they did not do so badly in absolute terms? Could those in the bottom fifth of the income distribution have fared better without impairing the supplyside improvement of which the Gov-The tentative conclusion I reached

in my new book is Yes. But this could not be achieved by restoring high marginal tax rates at the top. The resources to help the poorest and least well-off would have to come from the bulk of citizens who pay tax at around the basic rate." There would be no need for higher

income tax or VAT rates than we

have. Redistribution and incentive alike would be satisfied by a combination of generous, but selective, bene-fits, something like the presentincome tax rates and a massive onslaught on fiscal privilege. The latter ranges from tax relief on mortgages and pension funds to donestic agricultural support outside the Common Agricultural Policy, and a vast-miscellary of smaller give aways iron the forestry programme to the motor

The gainers would be both the wealth creators at the top and the poor at the bottom. The immediate sers would be the mass of the voter in the middle: but after the initial impact, they too might gain from the combination of greater mounties and greater equity.

inally, how about the immediate issue facing Parliaments What is the difference between What is the difference between devoting an identical sum of mency to uprating universal child benefit and to increasing the selective family credit provided to top up the income of poorer families? Let us try to analyse instead of taking up a position.

If take up were 100 per conf. or at least identical for the two benefits, the analysis would be straightforward. The poor would benefit most from the family credit; as it would be concentrated at the bottom end of the from the samily credit; as it would be concentrated at the bottom end of the income distribution. But because the rate at which family credit is whindrawn is effectively 70 per cent or more — steeper than the combined income tax and Mulicual business contribution rates — the poverty trap effects are greater with family credit. Child benefit is not taxed at all, and has an effective withdrawal rate of zero as incomes rise. zero as incomes rise.

zero as incomes rise.

This case might expect the political: Right, who talk about work disincentives, to opt for child benefit, and the powerty lobby to opt for family credit. Why is the alignment the other way round, with the powerty lobby championing child benefit?

One justification for the powerty lobby stand is take up. The inke-up of family credit (which is still fairly new) is around 50 per cent. The

new) is around 50 per cent. The take-up of cidid benefit, which does not depend on family financial circumstances, is pretty well 100 per

the Government's talk of a switch of beself to those in most need is a ameliescreen to reduce the total amount of redistribution through the tax and secial security system. se of the hypotheticals involved this last argument will never be satisfactorily resolved. We shall have to remain content with Harold Wilson's servation that just as Conservative Governments are given the benefit of the doubt in the foreign exchange market, Labour Governments enjoy such a benefit in the domestic social

if some means could be found say by integration with income tax — of dramstically raising the take up of family order and similar targeted payments, the balance of advantage would be with those benefits rather than the universal benefits beloved by beneficiaries of the middle class we fore state.

The gap of principle between universality and selectivity would narrow (a) If all sources of income were taxed which would involve transforming child benefits into tax credits and (b) if the rate at which selective benefits are withthrown could be brought down towards the normal hought down towards the normal hasic income and employee National Insurance contribution rates, now totalling 34 per cent. If that happened we would be some way towards a basic or misimum income guarantee for all. Needless to say, that course would be extracted by the contraction of the contractio would be extremely expensive. But everything else is an argument about the second best.

**A Restatement of Economic Liber-alism, Macmillon 12,95

Missing men

of Oxford ■ Oxford was at its best and

worst for the official launch of its £220m appeal fund yester day. One forgets how cold and miserable the place can be. The special train from Pad-dington was by no means full. The 3 pm train from Oxford to London was cancelled. Trying to change trains at Reading has become more confusing than ever, though it is warmer than Didcot. A number of undergraduates

are protesting against the appeal on the grounds that all education should be paid for by the state and that Oxford is elitist enough already. Even some of the dons assembled in the Sheldonian seemed sceptical. Yet as accounts were given of money pledged so far - about - £50m - there was a growing feeling that the campaign will succeed

John Brademas, the former US Congressman now President of New York University, said that the academics should drop their reticence and not be afraid to ask for funds. That is precisely how Norton Rose, the solicitors, paid up. Someone approached them and the Oxford partners paid £1m to fund what will become the Norton Rose Chair of English Law; they told their Cambridge

colleagues after the decision. Lunch was that mixture of elegance and shambles that will be for ever Oxford and is sometimes known as effortless superiority: plenty of wine and broken down chairs. The number that stuck out is that there are only 120,000 living Oxonians, apart from those still up. That must be wrong. Those who have lost touch might like the join the Oxford Society for £5 a year. The address is 8 Wellington Square, Oxford and the new chairman is Six Julian Bullard, the former British Ambassador to Bonn. Bullard is very pleased that there are now 102 Ger-

Observer

mans at the University.

Schroders' men

■ In the first half of this year Schroders handled more take-over business than any other UK merchant bank. Possibly this rise up the league tables has something to do with its eclectic recruitment policy. Gerry Grimstone, for instance, was David Owen's

private secretary when the latter was Minister of Health. He was transferred from the DHSS to the Treasury, where he became the assistant secre-tary in charge of privatisation. He joined Schroders in 1986. This week he is celebrating on behalf of his client, Consoli dated Gold Fields, after the Minorco bid was referred to

the MMC. That is quite a change for a man who only eight years ago was DHSS liaison officer with the Wessex Regional Health Authority. His colleague on the defence, David Challen, has a similarly unconventional background for a merchant banker: he used to work for advertising agency, J Walter Thompson.

Forget the tip

■ The longest and most expensive taxi ride should end today when a traditional London cah arrives at the Sydney Opera House. The cab set off from Buckingham Palace 10 weeks ago and the metre has been ticking ever since. There will be a return air ticket to London for the first person who guesses the fare.

The Great London to Sydney Taxi Ride is a joint British Australian Bicentennial event devised by a pair of merchant



"I don't mind losing the gill or the noggin; it's the jero-boam I'm worried about."

bankers – one Welsh, one Irish - working in Australia. They are among a six-man team which includes a London and a Sydney cabbie, a mechanic, a cameraman and a support vehicle.

The route was through continental Europe, Turkey, Iran, Pakistan, India, Thailand, Malaysia and Singapore. Shots were fired by rebel Afghan tribesmen in Pakistan's Baluchistan province, the cab hit a truck in India, and the Indian military provided a heavy escort through the Punjab.

The taxi - registration E36 JWK and christened "Bessie" - will carry Bob Hawke, the Australian Prime Minister, as its last passenger. Having driven its way into the Guinness Book of Records, it will be auctioned at a gala charity ball in Sydney next Monday. The ride has been financed by Canon, Quatas, Schroders,

Price Waterhouse and James Hardie Industries, while the cab was donated by London Taxis International. The principal beneficiary will be the Variety Club of Australia, one of the largest children's chari-

Regan for Bush ■ Donald Regan, the former chief of the White House staff, was in London yesterday exuding optimism about the US economy - provided, that is, that George Bush wins the election.

Regan believes that the US trade and hudget deficits are nothing like as dangerous as sometimes suggested. He told the annual investment conference at Baring's that the US recovery, now in its sixth year. could go on and that the stock market will be happy. Indeed he thinks that a Bush Presidency could balance the budget within four years without tax increases. No one was impolite enough to dissent.

Regan, who will be 70 in December, is sufficiently well-off not to have had to collect a string of corporate directorships or political lobbying jobs after he left the White House. His private company, suitably named Regdon, is in the real estate business in Tucson and Florida. He has a five minute TV slot on NBC every Monday morning when he discusses his views on various affairs of state. There is talk of a sequel to his best-seller, For the Record, which spilled the beans on the First Lady consulting astrologers. He does not seem disposed, however, to be quite as forthcoming about his former colleagues at Merrill Lynch.

Emancipated

■ The books department at the Army & Navy Stories now has a section headed "Feminist Literature". Prominent on its shelves is Stephen Fay's book about the Bank of England Portrait of an Old Lady.

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Dear Roger, let's get rich

Chairman, General Motors, Somewhere in Detroit - or maybe it's

Dear Roger, Let's face it. You don't know me and I don't know you, but we've got one thing in common. We'd both love to make a couple of billion bucks ind fast. So what are we waiting for? Here's the set up. You are the chairman of the world's biggest industrial company but those kilot analysts on Wall Street think you're a schmuck. Well I've got news for you - the Wall Street imbedies just made your for-

You and I know that General You and I know that General Motors at \$77 a share is an OK value. Eight times net earnings is fair enough for a tough business at the top of a consumer boom and in a market that the Japs are will wreck completely with their transplant production. But here's the joke — the bankers think GM is cheap becayse you are a fool who never heard the words "stockholder value".

That's why I'm writing. We're going to get even with those bastards, and how. Just trust me. I've taken out three mortgages on my Bronx condoming in five years and made an annual years and years and years annual years and years annual years and years and years annual years and years and years annual years and years and years and years annual years and years annual years and years and years and years annual years and years annual years and years and years and years annual years and years annual years and years and years annual years and years and years and years annual years and years a

three mortgages on my Bronx condo in five years and made an annual return of 45 per cent — compound. So you could say I know a thing or two about leverage and cash flow and all the bound in You probably don't know as much to me, as that but he way and the control of the country as that but he way and the country as that he way are the country don't know as much that he way are that he way are the country as the countr

You probably don't know as much as that, but don't be too modest. its children as that, but don't be too modest. It is the modest as that, but don't be too modest. It is considered to make the only thing you ever did the possible was manage a \$100bn corporation and hill belief that doesn't earn you much respect that doesn't earn you much respect suitation is these days. But let me tell you a little at is taken he seems to like in America in 1988. And

Let's take \$9.8bn and get us some leverage.
Think of a yield. Come trason kale on, reach for the sky — trase in the sky — trase in the sky — transit in the sky recommendation to the second s

Scral sermitation that, buddy, goes especially for you the hypotent that the world's biggest pile of beautiful,
when his because you happen to be sitting on
the his section to be unappreciated cash flow assets.

In the history your company worth to the morons
on Wall Street? Do I hear \$24.3on? OK,
In the history sure - throw in those two raging
altill forms subsidiaries that still have separate
cast in the termination of the street and Stockholders, Hughes Aircraft and Means and Electronic Data Systems. That makes stockholders, it up to \$28.4bn for the whole kit and

caboodle. Now look at your earnings and cash and size flow. Earnings last year of \$3.5bn net.

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tion and \$700m of other non-cash thems. ("Amortization of goodwill and non-tangible assets", the pimply-faced accountants call it - those guys ought to work on a farm, they're so in love with horse manure).

So there you have it - \$9.8bn smackers of gorgeous juicy FDA-inspected grade A prime cash flow. Are you some kind of John Wayne war hero, or does that make you weep for

loy?

OK, here's the bottom line. Let's take that \$9.8bn and get us some leverage. Think of a yield. Come on, reach for the sky - 15 per cent average, what with the banks and the junk bonds? That's 300 basis points over RJR Nabisco, even after they took their bond holders to the cleaners. But that's OK, I can handle it there's siways PIKs and zero coupon debentures.

At 15 per cent, \$8.8bm cash flow pays the interest on 65.3 big ones of debt. (Those Wall Street morons who lent GM \$3.9bn long-term already can just alt and suck their "average interest rate of 8.8 per cent." Maybe next time they'll save money on smart ass Wall Street lawyers and get them-selves a pal of Luigi Palermo's to help

selves a pal of Luigi Palermo's to help enforce a covenant or two.)

Of course, we don't need 65 big ones or anything like it. Let's play with those kids on the Street a little. First off we'll offer \$100 a GM share. That's 30 per cent up on the price before our offer. It should get most of the stock into the arbs' hands right there. But why waste time? Let's gift wrap it. Offer 'em \$137 a share. That's 75 per cent more than the scum paid on cent more than the scum paid on Tuesday, but what the heck - the company's still valued at only \$500n. We can hit homers every time in that

Here's how. First strip some assets. Take EDS - net earnings of \$23m. We sell it to some sucker on a multiple of 20, the same as Computer Associates. Result: \$6.5bn cash. Hughes Aircraft - net earnings \$550m. We sell it on a multiple of 14.5, half way between Boeing and McDonnell-Douglas. Result: \$9.7bn cash. I know Hughes don't make aircraft, but who ever heard that in Marinouchi?

Now for the crown jewel: General Motors Acceptance Corporation, \$98bn of virgin, triple A rated fully-collateralised consumer debt. Net earnings - \$1,45bn. This stuff is beautiful. There aim't a bank or financial institution that can held a confile to it. institution that can hold a candle to it in the whole US of A. But let's play safe. Put it on a multiple of 11, no better than Commercial Credit Corporation after it bought its lame-dog brokerage on Wall Street and some turkey company that used to make tin cans. You know what? We just sold Throw out a couple of billion to



feed the M&A coyotes and we just got ourselves \$30bn in net cash proceeds. We take \$2bn off the top for ourselves. pay off some debts and get the lever-age down to \$26bn — and that includes the \$4bn cheap debt from the old GM bargain basement.

After all that, we still got good old General Motors. That's when the fun starts. With EDS, Hughes and GMAC all gone, net earnings are down to only \$1.1bm. But the best part is, the depreciation's still there - all \$4.7bm of it in GM's sutomotive units. That's total cash flow of \$5.8bn to service debt of only \$28bn. Sure, we need some capital investment — maybe a new corporate jet and a couple of thoroughbreds. But \$6.1bn of capital mending. spending - \$1.4bn more than depreci-ation? You gotta be kidding. Are you trying to grow this company or some-thing?

Look, General Motors just spent \$20m in five years on new plants, robots and stuff like that. You said yourself that capital spending is going to fall. Enough, already, We start by cutting the investment back to \$2.7on, \$2on less than depreciation. And let's not forget the R&D spending. A little birdie tells me that is \$4.4on - and rising. Roger, you ought to be ashamed, Let's get another \$2on cash flow out of that right now. So now we got \$1.1bn from profits, \$2bn excess

depreciation and \$2bn saved on R&D. That makes \$5bn of cash flow, near

Right, let's push it up a little. How come GM made only \$1.1bn net profit on auto sales of \$88bn? I'll tell you how come, Rog. You and your fat friends up in Detroit have been too busy fighting the Japs to remember stockholder values. Sure you've let your market share fall from 46 to 87 per cent. But now

we're working for ourselves so we can try a hit harder. To heck with all those buyers' incentives programmes - \$1bn worth, the punks on Wall Street tell me. And let's get some beter pricing in this dog-gone market — we'll put sticker prices up and get ourselves another \$1bn. That'll make sales fall by 30 per cent? So much the better — we cut back inventories and net receivables 30 per cent and pay off \$6bn debt right there.

And while we're talking, how about those parts divisions? Remember: no cash flow, no future. Let the Japanese and Mexicans figure out how to make all those oily carburettors and transmissions. Let's take another \$1bn a year in cash just by calling it curtains for half of GM's component plants.

So now with the incentives out, the prices up and the parts businesses closed, we're back to total cash flow

of \$50n, and we haven't even fired the corporate staff, smashed the UAW, raided the pension funds or sold off the foreign operations. Meanwhile, we've taken out \$1bn each and got the debt down to \$20bn. So interest charges are only \$3bn. You know what? I see the bond rating vermin creeping out of their holes again. Do I hear "credit watch with positive implications"? What's that about instating investment-grade rat-

ings"?
I tell you, Roger, I never laughed so hard. I'm sorry — my belly's really hurting. Hey, you guys out there at S&P and Moody's — you ain't seen nothin' yet. It's time for a second LBO at General Motors.

at General Motors.

But hold your horses, Rog, don't move too fast. Never give a sucker an even break — especially not an LBO lender. Let's talk turkey to the folks down at Moody's — we want those investment grade ratings back. Then let's go out and raise another \$100 ner cent. That gives he internal. 10 per cent. That gives us interest charges of \$4bm - and excess cash flow is still \$4bn. When that's all set, we junk the debt again. Back at our good old interest rate of 15 per cent. \$4bn of excess cash flows gives \$26.75bn new debt - \$25bn for us, the scraps for investment bankers. So we'll buy the company back off ourselves for \$25bn. Sounds like a fair

That's where I say good-bye. But you really love the auto business, so maybe you'll want to stick around for another ride. Here's some advice for free. You could get another \$50bn out of the old monster before it's dead. Just push the market share down below Chrysler's and sell what's left to the Japs.
Of course, if a recession ever hap-

Sure, we need some capital investment — but \$6.1bn? You gotta be kidding. Are you trying to grow this company or something?"

pens, GM's a goner. But who cares? Just let the bankers take the whole pile of rusty garbage. They can save you the trouble of selling it to the Japanese. And of course, we got our equity out in the two buyouts - \$2bn the first time, \$25bn the second. That brings me to the only really

tough part of the whole shooting match - how to divide the loot. There's \$27bn profit so here's my idea: \$13bn for you, \$13bn for me - a bil-lion for a new wing at the Bronx Zoo, just opposite my condo?

BOOK REVIEW

A stubborn grip on Syria

President Hafez al-Assad of Syria has long been one of the Middle East's most intriguing figures: respected for his political shrewdness and his finelyhoned survival instincts, feared for his ruthlessness, but rarely understood.

Patrick Seale's book aims to add a third dimension to our knowledge of a man who has been at the centre of regional politics for 18 years. In the process he shines much fresh light into the tortuous recesses of the Arab-Israel conflict, and on the generation of Arab leaders that came to power after the

defeat of 1967. What the book does not do is provide a definitive judgement on its subject's contribution to Middle East politics or a discussion of Syria's future. As a well-constructed chronicle, it will prove invaluable; as a critical verdict on the legacy of Assad (or as Seale spells it, Asad), it leaves something to

Seale established his credentials as a leading authority on Syria 13 years ago with his first book. The Struggle for Syria, a seminal account of the service country's chronic instability after independence in 1946. His new work is based on unprecedented access to the President himself and his entourage.

No other Western - or indeed Arab - writer could have hoped to draw such a detailed picture of Assad's early life as a member of the then-oppressed minority sect, the Alawis, and as a student politician and junior airforce officer; of his conspiratorial existence in Cairo in the early 1960s; or of his emergence after the Baath (revival) party's 1963 coup as a key member of the shadowy National Council for

the Revolutionary Command. The over-riding impression is The over-riding impression is of a calculating and single-minded pursuit of power, culminating in Assad's sometimes brutal campaign to consolidate his rule in the 1970s and early 1980s. But the central aim never faded: to carve out a leadership role in standing up to Israel in the knowledge that, for Middle Eastern leaders. for Middle Eastern leaders, there is an indissoluble link between prestige in the Arab world and legitimacy at home. Anatole Kaletsky It is this "Struggle for the Middle East" that has domi-

ASAD: The Struggle for the by Patrick Seale I.B. Taurus, London; £17.95

nated Assad's rule and takes up much of the book. Betrayed by Egyptian President Anwar Sadat, affronted by other Arab leaders' attempts to strike partial deals with Israel, a "colossally stubborn" Assad is por-trayed as the lone keeper of the faith, more sinned against than sinning.

Well, up to a point. By dint of brute force and Soviet back-Syria with a regional impor-tance far beyond what one might expect of an impover-ished country of fewer than 12m people. He has maintained his grip through all-out war with Israel, 12 years of civil strife on his western border, confrontation with Iraq in the east and Jordan in the south, and a virtual insurrection and

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23

a palace revolution at home. But Assad's problems can not all be blamed on his enemies. His support for Iran in the Gulf conflict against the Arab consensus is a liability now that the war is winding anon looks increasingly fruit-less. His use of the Syrian veto over Arab dealings with Israel has maintained Syria's "purity" but cast him in the

role of spoiler, especially with regard to the PLO. Moreover, the Syrian economy is in ruins as a result of declining Arab aid, of the vain effort to achieve "strategic balance" with Israel and of the Baathists' ideological straitjacket. Even the "Soviet card" seems to be in question. with Mikhail Gorbachev call-

ing for restraint and realism.

The difficult question which Seale only tangentially tackles here is whether Assad can turn his achievements into a lasting legacy. His rule remains a oneman-show with a narrow sec-tarian foundation. He has which will outlast him or the sort of popular base for his orderly transfer of power after his death. Perhaps that should be the subject for Patrick

Andrew Gowers

'Inconceivable that the merger is a sell-out'

th are wise. From Mr O.N. Dawson, arise and from a leading mer— in our view, she and all our cation — and ignores the role, the president, London Life. chant bank; we were confirmed other policyholders would have described in Appendix I of our 1032 Danie President, London Life. CO 220 (2022) continue number of members who asked De STE Er general meeting (EGM) had not taken the trouble to read our merger document properly, cuttoned and I regret to conclude from Mrs Nicol-Gent's letter (Octo-ber 24) that she must come into this category. The purpose of the vote, and details of the resolution, are fully set out in our merger document.

It is inconceivable that a merger freely entered into by two mutual life offices can entail "a sell-out" of the interests of one set of policyholders in favour of the other.

As a practical first step, the actuary of each office should

certify the merger to his board as being in the best interests of the policyholders. This was duly done on our behalf, and Appendix II of our merger document contains summaries of

the actuaries' reports.
Also, the London Life board took separate advice from a leading firm of consulting actu-

> Sir, Derrick Owle's com-ments on contingency fees (October 3) err in the state-ment that such fees are ill-

> adapted to cases where damages are ordered to be paid in periodic settlements.

is an established system of con-

tingency fees, there is increas-

ing use of periodic payments (known as "structured settle-

ments") to injured parties. This mechanism is becoming widely

accepted by both defence and plaintiff's attorneys. It should also be noted that the UK's

Inland Revenue Service, in 1987, sanctio and structured set-tlements for the resolution of

US experience shows that 70

per cent of all persons who receive lump sum awards for

tort liability claims.

Here in the US, where there

Liability settlements in the US

From Mr Chandler G Ketchum. accident claims squander their

the merits of the merger.

These are no more than the which could be expected from a mutual life office with the high standards of London Life, but the law separately provides policyholders with special and independent safeguards, as I said in my opening remarks at the EGM. These safeguards are the High Court, to which the scheme will be submitted for approval; the Department of Trade and Industry, which can be expected to raise objections before the court if advised by the Government Actuary that the scheme does not deal fairly with policyholders' interests; and the appointment of an actuary, totally independent of both parties, to report to the court on the effect of the scheme. This report, too, is summarised in Appendix II of

the merger document.
On what grounds, therefore, does Mrs Nicol-Gent base her

money within three years - 90 per cent within five years. Escalating awards designed to

avoid this outcome have grossly increased settlement

costs without alleviating the

the other hand, are most often annuity-based, and offer tax-

free, guaranteed payments that the claimant cannot outlive.

Also they usually provide the

claimant with higher total life-time benefits. We have found

sensitive to the ability of this

mechanism to conserve awards

benefiting minors.

1030 Fifth Avenue

Chandler G. Ketchum.

Structured Annuities,

Structured settlements, on

merger does not go through. The London Life Fund will continue after merger as a separate financial entity inside Australian Mutual Provident (AMP) with its own separate assets, and with future bonuses being based on its own individual experience, quite immelated to the bonness being declared in any other sub-fund.

Every element of value in the infrastructure of London

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Life will be preserved, and our finances will be re-invigorated, with a substantial instant gain in the security of our guaran-tees and with substantially better prospects for our future bonuses. No other merger which we investigated over the last 12 months - not even that with Equitable Life - offered, in the opinion of our actuaries and advisers, such good pros-

Mrs Nicol-Gent refers incorrectly to the constitution of the full AMP board in Sydney -there is no nationality qualifi-

board and of the London Life Fund actuary. These arrangements are open evidence of the desire of AMP to demonstrate to London Life policyholders its willingness to ensure the continuation of the character of our company after merger, Indeed, it would make no

more sense for AMP to favour in future a policyholder in Sydney over a policyholder in Bristol than for us now to favour a policyholder in Bristol over a policyholder in, say, Edinburgh. The two mutual offices propose to become one mutual office, with every care being given to the continuation under merger of the mutuality principles in which both pres-

ently believe.

I am delighted to have the support for the merger proposal of 85 per cent of the votes cast by our members.
O.N. Dawson,
The London Life Association, 100 Temple Street,

Corporate sector is in surplus

Sir, How can Peter Norman possibly write a serious article on the effect of interest rates on corporate profits (October 24) without once mentioning either gearing or liquidity?

Over the last few years the corporate sector as a whole has emulated the Government in moving from record high levels of borrowing to record low levels, and for the whole of the 1980s it has been running a substantial financial surplus (Bank of England Quarterly Bulletin, February 1988). There are, of course, wide variations among individual companies, but the overall change has

strengthened capital base by a combination of high profitabilcombination of high profitability and rights issues, the corpo91 Waterloo Road, SEL

dom to decide what level of debt it is prepared to accept and, if it wishes, to determine the cost by funding in the long-dated fixed interest market. With the Government no longer issuing gilts, and crowding out thus a thing of the past, the corporate sector now has unimpeded access to a market in which, 20 years ago, it was the dominant borrower. -it is the combined financial

Prom Mr D.R. Clarke.

been dramatic.

Having reduced debt and

strength of the Government

and the corporate sector which give the best reason to hope that the UK economy has been transformed - to the point where it can ride out periods of high (short term) interest rates without recessionary effects.

GCSF agenda must comply with the Official Secrets Act

From Mr Brian Moore, Chairman, Government Com-munications Staff Federation. Sir, Jimmy Burns's article (October 20) on the GCSF's conference contained some errors which will mislead readers as to the position in repre-

senting members' interests. There is no "union ban" at GCHQ. The GCSF is listed as a trade union under the relevant legislation. The article explains some of the difficulties caused

by being a union in GCHQ.

The GCSF does not have a "no strike" agreement with management. But the GCSF's unilateral access to arbitration arrangements effectively remove the necessity for industrial action at GCHQ.

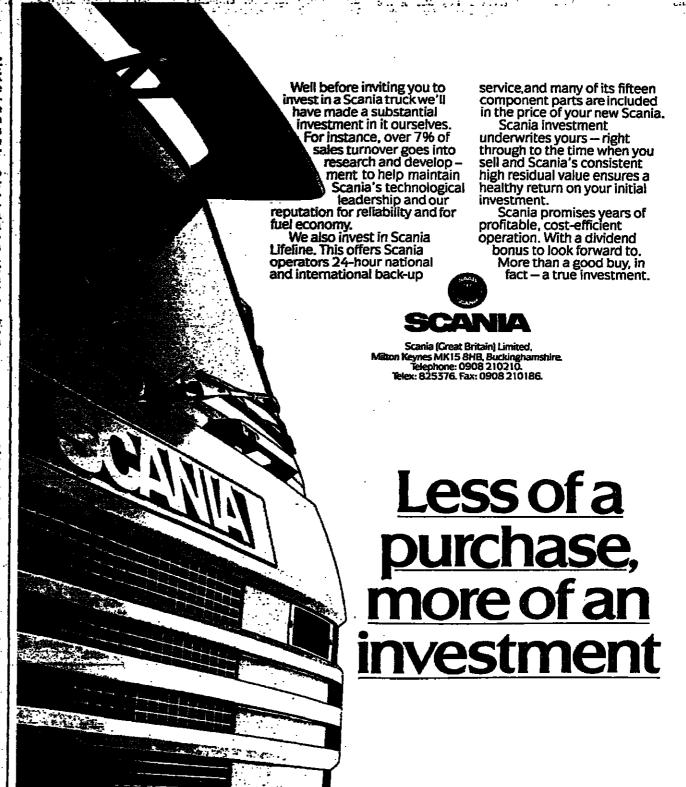
The article states "that the

entire conference agenda had been screened and vetted by the management". This is not so. The subjects discussed are those submitted by members; there is no management veto. Your reporter may have tee to those motions which

been confused by my comments regarding national security. As the senior GCSF full-time official it is my responsibility, given the classified nature of GCHQ's work, to ensure that any motions do not inadvertently breach the Official Secrets Act. I vetted the agenda, with a member in GCHQ's security division, to ensure that the Act was complied with. I drew the attention of the standing orders commit-

caused me concern. They were then drafted in an unclassified way, but retaining the mem-The GCSF, as you say, has nothing to hide. Our sole aim is to represent, independently,

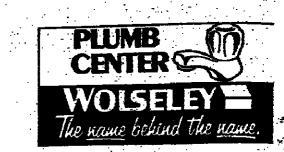
effectively and democratically the interests of members employed at GCHQ. I hope this clarifies the situation. Brian Moore, GCSF,



BUILDING TRUCKS BUILDING REPUTATIONS

FINANCIAL TIMES

Thursday October 27 1988



White water on voyage to European unity

Differing visions of the post-1992 Community prompt a revealing ideological debate

Community these days is that it appears to be on the move. Not so long ago it seemed stuck fast in a mire of despondency, and the fashionable watch word was "Euro-pessimism." Today it seems to be churning noisily and confidently towards a dynamic and liberal open market, and the new watchword is the target date of 1992.

As testimony to this confident forward movement the Americans and the Japanese are already belabouring the Community with accusations of protectionism. Considering that the Trade Act is a piece of American legislation, which has aiready been passed, and that the European Community is still at least four years away from its target, this is a bit rich. It is, however, a reassuring confirmation of the Community's new dynamism.

But the second most important fact about the Community these days, is that the new dynamism is provoking a new outburst of ideological argument about its future destina-

Mrs Margaret Thatcher, the UK Prime Minister, set the tone a month ago, with her vituperative speech in Bruges, attacking what she perceived to be the federalist ideal of Europe: and she has been answered in equally robust terms by a number of other European leaders - including Mr Helmut Rohl, the West German Chancellor, and Mr Michel Rocard, the French

Prime Minister. Needless to say, the second fact follows on from the first. When the ship was on the sandbank, the crew confined their quarrelsome inclinations to arguments about the cost of the vessel. Now that it has floated free, by luck or design, they see more reason to fight

By Tim Dickson in Strasbourg

prove their claims.

A SHARP warning of the dangers of

European disunity was issued yester-day by Mr Jacques Delors, President of

the European Commission. He also

challenged those who said that Brus-

sels was overstepping its authority to

counter to arguments put forward by

Mrs Margaret Thatcher, the British

Prime Minister, in her speech at

In what was widely seen as a direct

HE most important fact about the compass bearing, about the European For Mrs Thatcher the c For Mrs Thatcher the construction of Europe should be based on the willing and active co-operation of soverign states.
"We have not successfully rolled back the frontiers of the state in Britain, only to see them reimposed at a European level, with a European superstate exercising a new domi-nance from Brussels," she said.

For Mr Kohl, by contrast, the Community should make rapid strides in tax harmonisation, and in social and environmental policies. Along with the three Benelux countries he endorses the ultimate goal of "European union." And, whereas Mr Rocard insists on the need to create a European central bank, Mrs Thatcher insists, in even more categori-cal terms, that the completion of the single European market does not even require any strengthening of monetary cooperation between the mem-

At one level this is dull stuff, suitable for the school playground. We have heard versions of the debate many times before over the past 30 years, and it is an argument that can never be settled for good. The unique character of the Com-munity is that it has mecha-nisms for receiving new competences; it has no mechanism for excluding the extension of

new competences.
Logically, therefore, Mrs
Thatcher is in a weak position
to demand that the Community should never progress beyond a certain point, because it is not that kind of Community. On the other hand, neither side can win this age-old argument by bludgeoning the other in public. If the quarrel could have been won by speeches, it would have been won years ago by General de Gaulie.

Yet despite the sense of deja vu, the debate prompts at least

Parliament in Strasbourg that the

Commission was only being faithful to

commitments already entered into by

Referring to measures already

adopted to ensure freer movement of people, goods, services and capital, Mr Delors suggested that the Community was "on the threshold of the irrevers-

ible - unless a political crisis para-

lyses us as it has done in the past."

the 12 Community member states.

IAN DAVIDSON **ON EUROPE**

This article is the first in a regular series on European affairs by the Chief Correspondent of the Financial Times in Paris. The articles will appear every other Thursday on the European News

two interesting questions.

The first is why should it erupt now? Mrs Thatcher's hostility to anything which smacks of federalism or Eurofanaticism is only too familiar. Equally familiar is the long-standing appeal of Euro-idealism in the original six member states. Yet for months at a time this difference of vision remains under wraps.

No doubt the most plausible explanation carries the name of Mr Jacques Delors, President of the Brussels Commission, the extent of whose ambi-tions for the Community has more than once provoked the British Prime Minister. Her speech in Brugges came a bare fortnight after he had told the British Trades Union Congress that the European Community would have to include a "social dimension," in which the trade unions would have an important role to play. It is well known that Mrs Thatcher does

not believe the trades unions

Delors calls on EC states to reconcile differences

have an important role to play in anything.

Apart from the question of timing, there is also a question of substance. What is the argument really about, and why does Mrs Thatcher think that she can improve her bargain-ing position by driving most of the rest of the Community into a declaratory alliance against

References to European armies and European Union are too vacuous and too nure-alistic to matter. By contrast, there are two separate clusters of ideas which probably go to the heart of the quarrel - the monetary-tax cluster and the social-society cluster. And of these, the second is almost cer-tainly more fundamental than

On common sense grounds it seems plausible that a Community with free movement of goods and capital, and with a currency stabilisation system (the EMS), may also need some harmonisation of taxes, and some coordination of monetary policies, and perhaps of economic policies as well.

It is easy to erect these choices into questions of eter-nal political principle, as we can observe from the categoric and opposite utterances of the British, French and German governments. But in the last resort, the choices can also be put to the test of pragmatic experience. The collective system may work well without tax harmonisation, for example, or it may not. It may be disagreeable to reach a conclusion this way, but it could be one means

of settling the argument. The social-society cluster is more intractable. This is partly because the argument is based on deliberate misinterpretation, partly because the argument cannot be settled clinically, and partly because it touches the deepest political springs of our societies.

much of his speech was conciliatory.

"The short history of the Community

shows that misunderstandings must be

cleared up as soon as possible in order to avoid unnecessary drama and its

unfortunate consequences - the crisis

He pointed out that while the inter-

nal market programme meant eliminat-ing all obstacles, including fiscal ones, the Community had to operate with a "minimum of rules."

in relations betw

Euro-socialism is not a dan-ger posed by the Christian Democrat governments of Germany, Italy and the Benefux countries, so it is otione to denounce it. France and Spain have socialist governments of a sort, and in their presidencies of the Community next year they are determined to press the case for a social dimension in 1992.

But so far, neither government has a clear idea what this should be - while both agree that it cannot mean an increase in European labour costs. It is likely this will mean little more than a commitment to improve health and safety

By contrast, the real divide between Mrs Thatcher and the other governments of the Com-munity lies in her attitude to what Mr Rocard described in the Financial Times on Monday as the "European model" of social organisation. What sets Europe apart from the US and Japan, he said, is its structure of social protection. From his actions it is clear that he sets equally high store by consent, if not consensus. The consensus with Mrs. Thatcher's

trast with Mrs Thatcher's views needs no elaboration. There is an ingenious argu-ment that this social issue symbolises the divide between the protestant Augio-Saxons and the Catholic continentals - ingenious, but wrong. Nothing in recent British history ests a natural attachment to the law of the jungle, the welfare state was invented in Britain, and the British like it.

The Community's forward momentum is more important than the arguments of the ideo-logues. But the voyage to 1992 will also mean white water ahead for the less dynamic. and it will be interesting to see who has the roughest ride: those who seek the consent of the electorate, or those who believe in the law of the jungle.

In an apparent response to Mrs

Thatcher's fears about a "United States

of Europe," he said later that diversity would be respected and observed: "You

can be proud of your own country and still be a European," he said.

Mr Delors sought to soothe fears th

the Commission's plans for a Europe-wide company statute was a threat. The proposed legal form was not only

voluntary, but there were several

options for ensuring that workers'

rights were taken into account.

A surprise package from Metal Box

The grand European packaging merger between MB Group and Carnand is industrially intrigu-ing, but in stock market terms ing, but in stock market terms distinctly awkward to assess. The old Metal Box seems to have resolved its fundamental problems of manufacturing scale and lack of overseas penetration with a plunge into the Europe of 1982, which the new group will dominate in both metal caus and plastic packaging. MB shareholders, however will be left with someever, will be left with something of a job lot: full ownership of a manufacturing rump, making cheque books and central heating systems: a direct 16.5 per cent holding in the new venture, which will be quoted in Paris and London; and a further 25.6 per cent indirect stake, to be held through

As with Abbey Life last week, ME's shareholders can-not express their reaction through the market. The Stock Exchange seems bent on main-taining MB's suspension until the circulars go out in five weeks' time, which seems needlessly severe (Carnaud's shares, promptly re-listed in Paris, fell 5 per cent yester-day). But with luck, there should be scope for MB to open slightly above its suspension price of 273%p. The packaging business being handed over is implicitly valued at 220p a share, and the cheque and central heating businesses, on a conservative 10 times earnings, ought to be worth a further Ap between them.

This is to reckon, of course, without any fresh headway which might be made by the new packaging combine. This could start the hard way, if productivity figures are anything to go by; both sides have sales of £1bn, Carnard with 13,000 employees, MB with 22,000. It is also to reckon with out the vulnerability of a cheque and central heating business with £240m cash in hand. Brian Smith and his col-leagues at MB seem to have done themselves out of one job by handing over the packaging business; if they end up doing themselves out of another, they will at least have earned the gratitude of shareholders.

Racal Telecom

The 7p dip in the Racal Electronics share price yesterday reflected the evident disappointment that its offspring - Racal Telecom - did not jump to a hefty premium **Metal Box**

Share price relative to the



on its first day's trading. And while Racal's advisers may argue that this shows they got the pricing right, it will be sev-eral days before this can be determined. Clearly, there is a good old game of transatiantic bluff under way, as the UK institutions, which believe that Racal Telecom is far too expensive at 31 times carnings, try to offload their stock on the unwary Americans. Mean-while, Racal can be only modestly pleased with the exercise since its shares are now trad-ing at a discount of well over a third to their breakup value. If they fell below £2.50, say, then Racal's old adversary, Cable and Wireless, could pop up

Royal Bank

The Royal Bank of Scot-md's highfalutin' account of the ethics of corporate lending quite falled to address the me that has made everyone so cross about its assistance to Elders in the bid for Scottish & Newcastle. The reason for its silence on the finguistic question is not hard to find: having made so much of the impor-tance of keeping Scotland Scot-tish when the Hong Kong Bank was knocking at its door, it would have found it difficult now to argue the reverse. On the purely competitive

issues, Royal's statement yes-terday was not unreasonable. As there appears to be no gen-uine conflict of interest in a bank financing a bid by one company for another when both are ordinary banking clito do so if it is profitable enough. However, Royal is downright unrealistic if it expects S&N to view it like that. In such circumstances, banks must accept the risk of Midland discovered with RHA

and Citicorp with Dec.
For Royal in particular, the equation is more complex; seems to have not just offende one company, but an entir country. However, its judge ment was not necessaril wrong. Unless it wants t become smaller and smaller. must play by the same rules : the Big Four clearers, and the is not consistent with a Littl

Wolseley Like many a company befor

t. Wolseley is sufferin because of its obvious D share rose by 25 per cent lar year and should rise b year and should rise he another 20 per cent in the confing year, and while the current trading conditions in its vareus building markets may be exceptioned, a compound earnings per character the company was founded is hard to find the group is valued at fair more than 7 times earning and is trading at a substantification to its sector, primally because the market is worked about its growing US cormitment. Admittedly, it recent US performance by been uninspiring if acquirents are stripped out, as mangins in its US building ditribution business are not tribution business are nor than a third lower than in the UK. But the US operation still bigger and more profitsh than any of its rivals; this one company whose share would probably benefit fro being tested by a recession.

Unit Trusts

At first sight, yesterday's fitures from the unit trust inde-try provide a near explanation for the somewhat puzzling is in building society inflows. September, flowever, on clos-inspection, the higgest rise-net investment since last Oc-ber turns out to be largely d per turns out to be largely d to the transfer of £150m in Royal Life's new index-trac ing fund. In fact, there seer no sign that the steady flow net selling by individuals h been reversed or even slowe dence among private investo seems among private investors as frail as ever, be instead of tucking their more away safely in the building society they appear to be usuffer to pay the mortgage and spend whatever is left over.

While affirming his enthusiasm for the EC's "social" dimension, the tone of Bruges last month, Mr Delors told an enthusiastic audience in the European Dukakis fails in bid

to dent Bush lead

By Stewart Fleming in Washington and Lionel Barber in Denver, Colorado

OPINION POLLS suggest that Governor Michael Dukakis's bid to claw his way back into this year's US presidential elec-tion does not appear to be improving his standing with

voters.

In the past few days, Mr
Dukakis has hit out at
Vice-President George Bush's
integrity and launched a media blitz on television, including a marathon 90-minute session with Mr Ted Koppel of ABC television on Tuesday night. But political analysts are questioning whether he is having any success in changing the negative image of him that the Bush campaign has implanted in the minds of many voters.

A New York Times/CBS News poll published yesterday showed that Mr Bush had widened his lead signficantly since the last time the poll was taken. The new national poll said Mr Bush was ahead by 51-38 per cent, compared with 47-42 per cent on Oct 13. A separate Gallup poll, also released yesterday, has Mr Bush ahead by 50-40 per cent among all vot-ers, but by 53-39 per cent among voters who consider themselves to be most likely to

The polling data must be particularly worrying to the Dukakis camp for - in spite of the Governor's efforts in the past 10 days to present a live-lier, more combative image

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WORLD WEATHER

the public does not seem to be reassessing his candidacy, even though many voters are continuing to say that they do not feel strongly committed to

either man. In his interview with Mr Koppel, Mr Dukakis criticised the Northern Ireland policy of Mrs Margaret Thatcher, Britain's Prime Minister, and pledged "very tough sanctions" against South Africa, but offered few new reasons why voters should back him rather than Mr Bush on November 8.

Once again, Mr Dukakis faltered on defence questions. He repeated his scepticism about the MX and Midgetman programmes for modernising the US land-based nuclear deter-rent and expressed enthusiasm for conventional weapons spending. But when asked what proportion of the Pentagon budget went towards nuclear weapons (10 to 14 per cent), he said he did not know.

The Democratic nominee, who looked tired, said he was frustrated by the negative tone of the campaign, but conceded he had been surprised by the effectiveness of Mr Bush's attacks on his law-and-order record as Massachusetts governor. "Perhaps I responded too late, perhaps I should have been out there attacking or counter-atttacking from the beginning," he admitted.

Black South African voters, guarded by security forces, queue outside a polling station in Soweto township near Johannesburg yesterday for the first municipal elections in which South Africans of all races have voted simultaneously

Packaging deal for Carnaud and MB

Continued from Page 1

recently made in Spain. Car-naud's power is in France, West Germany, Italy, Spain, Belgium, Portugal and Turkey. Only in Italy, where each company has about 20 per cant of the market, might there be a problem with competition policy. MB yesterday called off the market the recently-announced acquisition of Ferembal, a French

The merger will be effected by Carnaud buying Metalbox Packaging for £780m, which will be paid in cash and shares. MB will receive £240m in cash and a 25.5 per cent stake in CMB Packaging. Further shares, equivalent to 16.5 per cent of the new company's equity, will be given directly to MB shareholders roughly on a one-for 80 basis.

Compagnie Generale d'Industrie et de Participations (CGIP), a French holding com-pany, which has a 44.9 per cent stake in Carnand will also have a 25.5 per cent share in CMB Packaging. On the basis of doubling the first half profits of the two constituents, the CMB Pakaging is capable of making annual operating prof-its of £180m

Dollar falls after poor growth figures

Continued from Page 1 those gains as traders reacted to the relatively high inflation measures and to evidence of continuing strength in US personal consumption. Dealers also noted a statement from Mr Alan Greenspan, the Federal Reserve Board chairman, that the exchange rate was a "very important" consideration in setting US monetary policy.

By midsession, bond prices
were quoted around a % point higher. The Treasury's benchmark long bond was & higher

yielding 8.91 per cent. The GNP increase was down

from annual rates of 3.4 per cent in the first quarter of this year and 3 per cent in the sec-ond quarter. Growth in both the second and third quarters was depressed by the drought. Without the loss of farm output, the economy would have grown at a 43 per cent rate in the second quarter and 28 per cent in the third quarter, the

official figures show. The slowdown, while it effectively removes recent fears of overheating in the economy, will pose further budget prob-lems for the next Administration, since it now seems unlikely that the current official forecast of 3.5 per cent real growth in the current year will be met. Output in the fourth quarter will also be affected by the drought, but only a revival to a 3.4 per cent annual rate for the economy as a whole would validate the forecast.

The inflation estimate was also disturbing. The fixed-weight GNP price index, the best indicator of underlying price trends, rose at an annual rate of 4.9 per cent.



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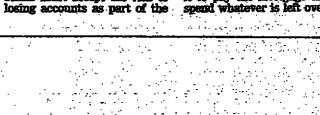
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ALTOGETHER BETTER ON SITE

A PRIME sign of danger for most kinds of executive is a sharp rise in recruitment of financial management staff. Like the appearance of the cuckoo in the nest, a large influx of them into organisations tends to be followed by wholesale departures of other

Your Peter Stevens, director of the Remuneration Economics consultancy, said: "The odd thing is that they hardly ever seem to get made redundant themselves. It's as though

there are never enough of them to go round.

Mr Stevens was commenting on the latest of his company's surveys of the pay and condi-tions of financial management workers in Britain. It makes these surveys each

year in parallel with similar studies of other specialists such as personnel staff and An idea of how the three spe-

cialisms stand in the pay leagus is shown by the accompanying table drawn from the most recent surveys. Taking people at seven descending lev-els of seniority, it starts by indicating their basic salaries and their total money rewards, including salaries and bonuses. The lower quartile figures refer to the person a quarter of the way up a ranking of all those with the same seniority in the same specialism, the medians to the one mid-way in

the ranking, and the upper quartiles to the person a quarter of the way from the top. There are then the averages for the people in each category. The rest of the table deals with additional benefits.

Although there seems no doubt that financial manage ment staff lead their personne and engineering counterpart in pay and perks, the figures it the table can be misleading

interpreted too literally.
For one thing, pay and perks
vary markedly with size and
type of employing organisation, and also with its geographical location. However the table simply lump together the staff of all the organisations which took part in the surveys, and take account of such variances.
(Anyone wanting more detailed information should contact Mr Stevens at 51 Port-land Road, Kingston-upon-Thames, Surrey KT1 2SH; telephone 01-549 8726.)

phone through standy geographical differences, in particular, help to explain the relatively low rewards of engi-neers. Of the 3,868 finance staff and 2,618 personnel specialists covered by the surveys, about two thirds worked in the highpay, high-cost regions of Lon-don and south-east England, and only one third in the lowpay, low-cost areas. The reverse applies for the 14,065

Moreover, the survey cover-

Comparison of pay for financial, personnel and engineering staff

Rank	Specialism		rifie blo dei 1907 Banke	dian Total , mostri	Upper	quartite Total	Ave	rage Total	% who ware paid	Bonus as % of recipients'	% with company	% with	% with 5 weeks or more
		bulary. rev		remend		salary		points	average earnings	CET	petrol	holiday	
Director	Finance Personnel Engineering	35,000 40	,990 48,000 ,000 42,149 ,840 32,165	49,898 44,057 34,649	62,300 46,500 38,500	70,000 50,200 40,000	53,095 41,639 34,075	57,371 44,230 35,957	52.6 48.1 35.9	13.1 11.4 11.9	93.4 92.6 83.7	59.2 ÇS.7 58.7	41.0 30.0 23.0
Head of function	Finance Personnel Engineering	22,000 22	,506 30,200 ,255 27,504 ,069 24,570	32,000 28,964 25,121	57,008 33,000 30,370	39,405 34,166 30,370	32,796 28,181 25,974	34,387 29,520 25,787	48.1 53.8 43.4	9.2 8.2 6.9	91.3 88.1 77.6	49.5 36.5 46.3	41.0 45.0 37.0
ilead of dept.	Finança Paraconsel Enginearing	20,000 20	,068 28,004 ,772 24,250 ,280 21,501	26,830 25,000 21,984	31,600 27,651 24,250	32,267 29,188 24,680	26,817 24,401 22,168	27,780 25,418 22,724	44.2 55.2 35.5	7.3 8.7 6.0	79.9 77.4 41.2	32.0 29.4 19.5	33.0 37.0 27.0
Section manager	Finance Personnel Engineering	18,100 18,	,004 23,100 ,400 21,000 ,505 18,907	25,858 21,859 19,701	26,964 23,862 21,770	27,560 24,220 22,569	23,634 21,140 20,123	24,304 21,693 20,814	38.9 39.7 43.4	6.2 5.8 5.1	65.6 62.8 17.3	24,7 25.3 8.2	30.0 30.0 46.0
Section leader	Finança Personnel Engineering	16,000 16	,421 19,500 ,347 18,000 ,417 16,456	20,001 18,776 17,003	22,500 20,383 18,333	23,244 21,094 18,921	20,10 0 18,263 16,947	20,701 · 18,909 17,719	\$7.7 48.8 40.7	6.3 6.1 5.5	35.9 39.0 10.0	10.5 11.5 1.1	34.0 36.0 26.0
Senior staff	Finance Personnel Engineering	14,000 14	,403 17,485 ,422 15,374 ,581 14,550	17,943 16,095 15,119	20,064 16,908 18,785	20,764 17,860 17,750	17,722 15,425 15,328	18,284 16,061 16,010	34.2 44.3 29.5	6.0 6.7 4.9	22.2 13.8 5.0	8.2 5.5 2.4	33.0 26.0 25.0
Shef	Finance Personnel Engineering	11,781 12,	,000 14,500 ,072 13,000 ,500 11,834	14,911 13,545 12,777	18,920 14,550 13,530	17,500 15,100 14,852	14,982 13,370 12,589	15,394 13,828 13,500	32.8 39.4 40.7	5.7 6.1 5.6	14.6 10.9 2.6	2.1 1.0 0.4	25.0 19.0 29.0

ing the engineers was carried out on July 1, as opposed September 1 for the other two spe-cialisms, and would therefore record earlier rates of pay. Even so, there can be no doubt that the differences

between the three are increas-ing. Over the 12 months covmoney rewards paid by compa-

Finance staff can signal danger in the nest

nies to financial management staff rose by 12.5 per cent on average. The corresponding rises for personnel specialists and engineers were 8.6 and 7.2

per cent respectively.

"Of the three groups," Mr
Stevens said, "it's the finance
people who have been behaving most enigmatically. For example, they've lately become

slower to quit their employer, portion with problems in for a job somewhere else. retaining them to 32 per cent retaining them to 32 per cent "What's puzzling is that, at the same time, employers were finding it harder not only to recruit financial staff, but to So it seems that financial

management staff are as far from being made redundant as ever but that demand for their keep those they already had on the payroll. The proportion of services is still short of the companies having difficulty in recruiting them went up to 50 level at which other sorts of executives need feel threatper cent from 42, and the pro- ened.

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ACCOUNTANCY APPOINTMENTS

Finance Director & Company Secretary

c.£30.000 + car

S. Wales

This client is a very successful engineering company whose products, manufacturing capabilities and competitiveness have secured an important proportion of their UK and European market. Turnover is approaching £20 million and a proven management team is continuing to invest heavily to maintain its lead and extend market penetrotion.

They now require an experienced Finance Director/Company Secretary to provide positive leadership to the finance function and to act as right hand to the Managing Director in continuing to improve productivity and competitiveness; control the investment/expansion programmes; and assess the economics and practical implications of future business plans, pricing and

Brian H Mason, Mason & Nurse Associates 1 Lancaster Place, Strand, London WC2E 7EB Tel: 01-240 7805

cost action etc. Externally there will be liaison with the top management of European affiliates in addition to financial, legal and government contacts in the UK.

Applicants must be qualified accountants with previous experience at Finance Director level in a successful volume engineering business where they have played a full boardroom role. Age guideline 30-40.

The company is accessible from much of industrial South Wales and some attractive areas of the border country. Relocation assistance is gygilable where necessary.

Please apply in confidence quoting reference L381 to:

Mason & Nurse

Business Review & Investigations

W.London c.£26,000+bonus+f.e.car

MEMOREX TELEX

Memorex Telex is the world's largest supplier of IBM plug compatible computer peripherals. Revenues total in excess of \$2 billion with operations based in 26 countries around the world and a network of distributors serving a further 50. The recent merger of these two previously independent companies has created an exciting new phase in their growth with a combined organisation which is both bigger and better, providing greater scope for market development.

Based at the company's worldwide financial and administration headquarters in West London, this is a high profile role working closely with senior financial and operational management to maximise business efficiency. Work is typically of a one-off nature with a high degree of autonomy and will involve internal consultancy, operational reviews and specific projects. European travel will be an

environment. As well as first-class technical skills, a knowledge of U.S. reporting requirements would be an advantage. Amongst the personal traits expected will be a desire to take on new challenges, commercial awareness. analytical ability and tenacity. Interpersonal skills must be of a high order. Experience in the department is recognised as ideal

Candidates will be qualified accountants aged 25-35

who will be looking to enhance their careers in a stimulating

preparation for further career progression within this dynamic organisation. Please reply in confidence, giving concise career, alary and personal details to:-

Brendan Keelan, Ref. ER 128, Arthur Young Corporate Resourcing, Citadel House, 5-11 Fetter Lane, London EC4A 1DH.

Arthur Young Corporate Resourcing

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

integral part of the role.

Chief Internal Auditor

Bahrain

Our client forms part of a leading international banking group whose head office is situated in Bahrain.

Reporting directly to the General Manager, you will carry out high-level inspections in both the head office and subsidiary companies. You will also establish sound departmental procedures, audit the computer systems and play a key role in the bank's growth into new areas of

Probably in your late twenties or thirties, you will preferably be a graduate ACA with an energetic yet

You will already be working either within the audit

to US\$75,000 tax free + expatriate benefits

function of an international bank, or in a professional firm as an auditor or management consultant with banking clients.

The excellent remuneration package will include relocation expenses, private health insurance, housing allowance, school fees (if necessary) and other expatriate benefits.

Please reply to Christopher Evans, Consultant to the Bank, in strict confidence with details of age, career and salary progression, education and qualifications, quoting reference 5163/FT2 on both envelope and letter.

Management Consultancy Division

Finance Director

c£37,500 + bonus + carGreater London

After a recent review of its business strategy, the forward thinking subsidiary of a diverse and highly profitable group intends to change its operation radically. As a consequence of this, the company wishes to recruit a dynamic Finance Director to work with the manufacturing and commercial

You will take responsibility for the entire finance and DP functions and ensure that relevant management information and commercial input are provided. Key tasks will include

budgeting and forecasting, management and statutory accounting, monitoring of profitability and working capital, internal control, and development of systems required by the changes.

You are being recruited for your commercial judgment and your ability to contribute heavily within a down-to-earth management team. You should be a qualified accountant and, although there are no age restrictions, you must have bound-less energy and enthusiasm with the commitment to drive your ideas

through to fruition in rapidly changing conditions. Management and communication skills are a This is a key position in a medium

sized company which will be a springboard for other opportunities within the group. Please write enclosing a CV and salary details, and quoting MCS/7004, to Miles Holford **Executive Selection Division** Price Waterhouse Management Consultants No. 1 London Bridge

Price Waterhouse



2

Nykredit

Nykredit, a leading Danish mortgage association with forty per cent share of their domestic market, are expanding their London office in response to the growing demand for commercial real estate finance. They now seek an experienced and self-motivated financial professional to share in their expansion.

CHANGE THE FACE OF MORTGAGE FINANCE

Up to £25,000 + benefits

£1 million, liaising with clients, lawyers, and banks and with the Copenhagen head office. You will receive formal training in Danish mortgaging and in the company's

advanced systems. Probably aged around thirty, and a graduate in a related discipline, you will have a successful background related discipline, you will have a successful background in the financial or property sector, banking, insurance, or mortgages, or even as a finance manager in a commercial company. You must possess the ability to communicate effectively, and have the flexibility, mitiative,

Working as part of a close-knit team, you will be responsible for the negotiation and administration of commercial and domestic property financing in excess of organisation where you can develop in a challenging and

The right applicant will receive a competitive salary, pension, and life insurance, plus other benefits associated with a successful international company. Candidates, male or female, should write with full career details to Sinon Spindler, Mercuri Urval Ltú, Spencer House, 29 Grove Hill Road, Harrow, Middlesex HA1 3BN. Tel: 01-863 8466. Fax: 01-861 1978, quoting ref. 243/88.

Mercuri Urval

Finance Director

Defence engineering Thames Valley £32,000-£40,0000+car

This £50m-numover subsidiary of a highly-rated British plc, is a well-equipped manufacturer of a range of products for the defence and related sectors. Profitability is high and the order book strong. The Finance Director will work closely with the MD who expects a perceptive, strategic contribution to the financial success of this autonomous division. An experienced finance and DP department handles all financial and

nent accounting, systems development,

skills. Candidates will ideally be graduate accountants in the early 30s, with managerial experience and a background in large companies handling long-term contracts, with some MOD involvement. Base salary will be substantially aced by a generous profit payment, with relocation assistance and other senior executive benefits

Please send full cv indicating current salary, in confidence, to Michael Egan, Ref: 2743/MJE/FT.

and the director must have real commercial PA Personnel Services

Executive Recruitment · Human Resource Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Fax: 01-235 0434 Telex: 27874

Financial Control

investigations—audit -line management c £30,000 + car

This client is a successful £300 million division of a diversified £ multi billion

The Division's subsidiaries are well established in their respective areas of electronics and engineering and are comprehensively resourced for R&D, production, marketing and sales. Finance has a key role to play in shaping their future.

As one consequence they now wish to recruit an accountant with a rapidly developing career who will initially learn the essentials of these major businesses and contribute to their financial management by taking a broad investigative and audit role, which will lead to a senior position in line financial management

Applicants should be Chartered Accountants, already in industry or about to leave the profession, who combine a good range of audit experience with sound investigative skills and a flair for providing management with financial direction and control.

The position will be based to the west of London with some travel in the UK. Please reply in confidence quating reference L379 to:

Brian H Mason

Mason & Nurse Associates I Lancaster Place, Strand London WC2E 7EB Tel:01-240 7805

Mason & Nurse

Financial Controller

London SW1

£32,000 + Car

Our client, a Group with a turnover of £15m, principally involved with the importation of clothing and which has now diversified into trading, property, transport and warehousing, is looking to recruit an experienced accountant.

Operating from prestigious offices near Victoria Station, the role will take responsibility for the financial and management accounting together with the further development of computerised systems. Working closely with senior management the duties will additionally embrace various ad hoc assignments which, in the longer term, will include assisting with preparing the Group for flotation.

Candidates, qualified accountants aged 28-45, should be able to demonstrate familiarity with medium sized operations and have experience of modern computer techniques. They should also be able to adopt a 'hands-on', practical style of management and be prepared to share in the long term aims of the Group.

The post carries an attractive commencing salary, an executive level car and other benefits associated with this level of appointment. The Head Office functions may move to a location close to the M25 Kent/Essex borders within the next 2 years.

Interested applicants should send a detailed cv with salary details, quoting reference 7152 to:

> Pannell Kerr Forster Associates **New Garden House** 78 Hatton Garden London ECIN 8JA



Treasury Assistant

City

c£22,000 + car + bonus

Our client is a UK diversified financial services group of international businesses. With a successful financial and acquisitive record to date the small group treasury function now seeks to make this new appointment that has evolved specifically through expansion of the business.

The role will include exposure to all areas of the treasury function and involve working closely with the Assistant Group Treasurer as well as the Group Treasurer.

Candidates, aged 25-28, should be recently qualified accountants or have previous treasury experience as well as familiarity with PC based systems. Career prospects

within this substantial group are good and ACT sponsorship will be given if necessary.

Please telephone or write enclosing full curriculum vitae quoting ref: 236 to: Nigel Hopkins FCA, 97 Jermyn Street, London SW1Y 6JE Tel: 01-839 4572 Fax: 01-925 2336

FINANCIAL SELECTION AND SEARCH

BORLAND

UK CONTROLLER

South Berks

c£27k + car + share option

Due to their continued worldwide success and fast revenue growth, our client Borland International, one of the world's largest independent publishers of micro computer software, are in need of a UK Controller

to assist in their new expansion plans. This is an exciting opportunity that exists for a qualified accountant, ideally aged 27-31, with at least 2 years commercial experience to further develop the finance function.

Reporting to the Managing Director, you will be repossible for the whole UK accounting function, MIS development and some legal aspects in what is a high profile and stimulating role.

For further details please contact Brett Melbourne at the address or number below.

MANAGEMENT PERSONNEL 51 High Street, Eton, Windsor, Berks SLA 6BL



Legal **Appointments** appear every Monday

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For Further Information Contact 01-248 8000

Elizabeth Rowan Ext 3456

Wendy Alexander Ext 3526

FINANCE DIRECTO East Anglia c£32,500 + car and benefits package

Our clients are a medium sized, successful and expanding engineering company within a major publicly quoted group. They manufacture a range of sophisticated,

proprietory engineering products for major bine chip customers. They now seek an able qualified accountant to succeed the present Finance Director.

The Finance Director will be responsible to the Managing Director for the review and control of the accounting functions within the subsidiary units each of which has its own Controller. In addition to ensuring the accuracy and integrity of information flows from units, and the control of the treasury

function, the successful candidate will have the personality and breadth of experience necessary to play a full part in the development and implementation of corporate strategies.

Candidates must be qualified accountants, preferably with experience in the manufacturing/engineering sector. This is a challenging role for an ambitious accountant with the potential to develop both in this company and in the group. The position offers a good range of corporate beautiss.

Please write in confidence with full career and salary details, quoting reference P2240 to John Hills.



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Executive Selection and Search 70 Fleet Street, London EC4Y 1EU



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Dunhill style is unique. Understated, elegant and timeless. In the words of our founder, Alfred Dunhill, everything that we market "must be useful. It must be dependable. It must last. It must be the best of its kind."

This philosophy has resulted in a pattern of sustained growth and profitability throughout world markets in watches, jewellery, leather, menswear and fragrances. Indeed, our group has more than trebled its profits over the last four years to an impressive

As such, the career opportunities that the company can offer are univalled in their quality and scope. In either of these positions, you will enjoy an exceptionally high profile within the organisation, reporting directly to the F.D. and managing a small team, including newly-qualified accountants. The roles focus upon effective working relationships with senior sales, marketing and commercial management and involve locations as diverse as Hong Kong, Europe and the USA.

BUSINESS ACCOUNTING MANAGER - PRODUCTS

Responsible for our jewellery, fragrance and leather divisions, together with our marketing services function, you will contribute towards management decision-making in these areas, with regard to the financial aspects of pricing, product positioning and distribution. In this hands-on strategic role, you will deal extensively with commercial personnel, both in-company and in third party ventures.

BUSINESS ACCOUNTING MANAGER - RETAIL/MENSWEAR

Your role will be to ficrease profitability through the analysis of the intercept implications of pricing and policy decisions. Additionally, you will interpret results, whilst assisting with the development and implementation of retail systems; as a result, some previous retail accounting experience is what. Rapid worldwide expendion of pilk retail, division involving the launch of a number of new outlets, adds to the intermediate flavour of this role.

Alderwick

Outstanding remuneration packages for individuals in their late 20's - early 30's include a highly competitive salary, choice of fully expensed executive car, discount on company products, pension scheme and private health insurance.

We would envisage promotion probably after two years, either within the UK or overseas, and quite tikely into a non-financial role. For further information, please contact our advising consultant ANDREW LIVESEY, on 01-404 3155 at ALDERWICK PEACHELL AND PARTNERS LIMITED, Accountancy and Financial Recruitment, 125 High Holborn, London WC1V 6QA.



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NANCE DIRECTO

Thames Valley

28-35

To£45,000 Package + Car

With an ambitious growth plan already devised, this powerful joint venture intends to achieve an enviable dominance within the fiercely competitive quick service restaurant sector.

As a consequence of this expansion they have an immediate requirement for a key individual to complement their senior

Reporting to the Managing Director, your role will be strongly commercially orientated. Responsibilities will include the identification and evaluation of acquisition targets, compilation of strategic business plans and the development and administration of this growing finance function.

The successful candidate will possess strong technical and leadership skills, a sharp business acumen and an impressive record of achievement in their career to date. The desire to play a significant role in a rapid growth environment is of fundamental importance.

The remuneration package will include a high base salary, substantial bonus and fully expensed executive car. Relocation assistance will be provided where necessary.

For further information about this challenging role please telephone James Hyde on 01-437 0464 or write enclosing a detailed CV to the

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS Queens House I Leicester Place Leicester Square London WC2H 7BP Telephone: 01-437 0464



The company trades in France/Belgium/Italy/Switzerland and the U.S.A. and is currently expanding trading operations in other European

A minimum two years deposit or capital broking experience gained at a senior level with a bank or similar financial institution is essential. Preference will be given to brokers with an existing quality portfolio.

A salary from SFR60 - 100,000 will be supplemented by profit sharing based on earthros.

based on earnings.
Please write with full C.V. to Paul Rowland, PER International, Rex House 4-12 Repent Street London SW1Y 4PP.

INTERNATIONAL

GROUP FINANCIAL CONTROLLER WINCHESTER - HAMPSHIRE £25-30K + CAR + BENEFITS

Rapidly expanding national company with small but quickly growing overseas subsidiaries require a young qualified.

The Group provides specialised electronic services to the retail industry and has a turnover of approximately £1884.

The successful applicant will report to the Managing Director and will be Group Finance Director and Group Secretary Designate.

Responsibilities will include recruitment and control of accounting staff, management, accounts, budgeting, financial account of overseas subsidiaries, financial advice to the Board From Directors, annual accounts for audit, fialson with professional advisers and the Group's own parent company.

in the first instance, applicants should write with full career

history to: Derrick Mayes, Brooking, Knowles & Eawrênce, Ciliton House, Bunnian Place, Basingstoke, Hampshire, RG21 13E.

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Group **Financial** Controller

London

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c£30,000 plus car and executive benefits

Our client is a successful publicly quoted, technology-based service group, with headquarters very near to the City. Growth over the last five years has been a spectacular 58% compound, as a result of strong organic growth and the benefits of a demanding acquisition policy. Turnover, profitability and earnings per share are at record levels and this is also backed by significant net assets and low gearing. Market capitalisation is in excess of £115 million.

As a result of this expansion, there is now a need to recruit a Group As a result of this expansion, there is now a need to result a strough Financial Controller reporting to the Group Finance Director. This is a new position and will carry responsibility for the control and consolidation of the accounts of subsidiaries, and ad-hoc investigations and integration

You should be a qualified accountant, aged early thirdes, looking for the opportunity to work in a demanding but rapidly growing environment. You need to be flexible, creative and resilient.

Please reply in confidence, giving concise career and salary details and a deytime telephone number, and quoting reference 1559 to: Geoffrey Rutland ACA ATII, Executive Recruitment Division, BDO Binder Hamlyn Management Consultants, 8 St Bride Street, London EC4A 4DA.

BDO BDO Binder Hamlyn **Management Consultants** 8 St Bride Street, London EC4A 4DA

INVESTMENT APPRAISAL **ACCOUNTANT**

£25.000 + FINANCIAL SECTOR BENEFITS

The Group Finance Department of Abbey National, which is responsible for accounting. management information and investment appraisal, is undergoing a period of growth and increased responsibilities.

We are currently seeking an Accountant to work in the area of investment appraisal, who will be responsible for the financial evaluation of capital expenditure proposals.

Probably a qualified Accountant, you may alternatively have gained a number of years' experience in capital appraisal techniques with a large company or group. The position, to which one other person reports, requires extensive contact with other divisions of the society and with subsidiary companies: good interpersonal skills and a positive approach are therefore essential. Experience of the financial sector would be an advantage but is not a pre-requisite.

In addition to excellent prospects for coreer development and the attractive salary, we offer full range of benefits which includes profit share, concessionary mortgage and relocation assistance where

To apply please send a comprehensive CV to Bill Whitehead, Personnel Department, Abbey National Building Society, Abbey House, Baker Street, London NW1 6XL The closing date for applications, which are invited from all sections of the community, is the

19th November, 1988.

Write at the forefront

London based

Mid-late 20's

Up to £28,000

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Then if you are confident, ambitious and practical with strong inter-personal skills. whether you already have experience of technical/training or just have an insight into where this role could lead, then our client would like to meet you.



AMBIAS

For further details, please contact Lee Stirrup on ox-836 950x (evenings/ weekends or 385 5344) or write to her at Douglas Llambias Associates, 430 Strand, London WC2R oNS, enclosing details of your career to date.

COMPANY ACCOUNTANT/ **COMPANY SECRETARY (DESIGNATE)**

to £25,000 + Car

Our client is a well established and respected agricultural business with energetic plans for growth, both internally and by acquisition, from its current base of £10m group turnover. The company now seeks to augment its management team.

The Managing Director wishes to appoint a commercial minded accountant who can make a strategic contribution to the business. Your brief is diverse, taking full responsibility for the production of management information, forecasting and financial accounts. Additionally you will monitor cash management and take the initiative in updating and developing existing computerised systems. Your role also encompasses both personnel management and office administration.

For this diverse and interesting opportunity you will ideally be qualified, aged 35-50, possessing strong motivation, and decision making ability. This is a newly created position for a flexible individual with abundant energy giving the opportunity to develop into a more senior role as a result of successful expansion. Relocation expenses are available where necessary.

Interested? Please write in confidence with CV, giving salary details and daytime telephone number to Howard Lancet BA ACA who is shortlisting for this appointment at Anderson, Squires Ltd., 127 Cheapside, London EC2V 6BU.

Financial Recruitment Specialists

Anderson, Squires

FINMANCE DIRECTOR

FIRST CLASS PACKAGE

LONDON BASED

has rapidly achieved recognition as the major competitor in the UK telecommunications market. The development of an all-digital network reflects its highly innovative approach nent to substantial investment in leading-edge technology.
The Company, as part of the Cable &
Wireless plc Group, has achieved
exceptional growth which will continue
as further initiatives are taken. Mercury is also establishing a growing presence in the international market and has already forged substantial links outside the UK.

ment of rapid and dynamic growth, and the control of organisational change are recognised as crucial to the Managing Director, you will have a significant opportunity to contribute to the further expansion of the business. Key responsibilities will include managing an expanding financial function, plant the investment and resources required in future years, and actively contributing to strategic decisions at Board level.

You will be a highly talented professional, in your early to mild forties, with an impressive record of business and financial success within a substantial and fast-moving organisation. A Chartered Accountant, you will have the flexibility, drive and presence to make a significant impact within this highly demanding

which is flexible to reward the outstanding candidate, includes a substantial salary and the opportunity to participate in attractive share option arrangements. This senior appointment will be attractive to candidates currently earning around £50,000.

Please reply to Alison Hawley at Deloitte, Haskins & Sells, PO Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL in strict confidence with details of age, career and salary progression, education and qualifications quoting reference 5151/FT on both envelope and letter.



Management Consultancy Division



Business & Acquisitions Manager Young ACAs/MBAs

To £25,000+Car + bonus up to 30%+Share Option Scheme Aylesbury, Bucks

TIP Europe plc is the leading trailer rental and leasing organisation operating in 9 European countries. The company was formed in 1986 by a £60 million buyout from its American parent and has subsequently shown consistent growth and profits. The results for the year to August 1988 show a £34 million turnover with a healthy £9 million pre-tax profit, up almost 100% over the last 2 years. TIP has recently embarked upon a major

expansion plan to ensure its continuing success. This significant activity, within one of the fastest growing market sectors, has created an outstanding new opportunity for an MBA or ACA. Working closely with

the Development Director responsibilities will

identifying potential acquisitionsinvestment appraisal reports

*negotiating acquisitions including determining best method of financing *post-acquisition management *financial development plans *corporate planning/strategic review.

Applicants must possess strong business acumer excellent communication skills, be computer literate, and have the ambition to succeed within a dynamic, progressive environment. Prospects for the right candidate are excellent. A comprehensive relocation package is also available where required. For further details contact Simon Lieberman on 0727 65813 or write to him enclosing CV at

Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts, AL1 1SA.

Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birming Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Finance Director (Packaging Industry) intry Circa £35,000 + Car

West Country

Our client is a major subsidiary within a nationally known packaging Group. This profitable and acquisitive division, based in the West Country, needs a strong Finance Director to exercise sound financial controls and

assist in future development. Reporting to the Divisional Managing Director, the successful candidate will be responsible for all statutory Accounting requirements, the development of Computerised Management information and will be expected to contribute to the implementation of strategic business objectives, including acquisitions.

Chartered Accountants, aged between 35 and 45, are invited to apply and must be able to demonstrate

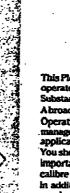
to function effectively and innovatively in a challenging environment is considered as important as a working knowledge of information technology.

The excellent remuneration package will include a fully expensed executive car, top hat pension scheme, Health Insurance, profit related bonus, and relocation assistance if considered necessary.

Interested candidates should send a comprehensive curriculum vitae including details of current salary and a day time telephone number, quoting reference LM041 to Andrew Sales FCCA at Spicers Executive Selection, 13 Bruton Street, London W1X 7AH.



SPICERS EXECUTIVE SELECTION



HEAD OFFICE ACCOUNTANT

£25,000p.a. + SUBSTANTIAL BENEFITS + CAR

CENTRAL LONDON - RAPIDLY EXPANDING PROPERTY PLC

This Pic is enjoying vibrant growth both organically and by acquisition in the high quality sector of the property market where it operates across both commercial and residential segments. Substantial further growth extending these achievements is envisaged.

A broad based role reporting to the group financial controller has been created in response to this and toreseen expansion. Operating within a professional and flexible team your duties would include a range of tasks covering statutory reporting management accounting, and importantly, systems implementation, with subsequent development of the packages' applications in such areas as asset management, management reporting and cash flow.

You should be preferably an ACAACCAACMA in your mid 20's, Personal qualities of adaptability and professionalism are more important than your professionalism are more important than your professionalism.

important than your background but systems implementation experience with mini computers is of considerable value. High calibre finalists should not be deterred from applying. In addition to the base salary a generous performance related bonus is provided as well as a quality car, non-contributory

pension and health insurance. If you are interested please write or telephone Richard Small at the address below or contact him in the evenings on (123065) 286.

Ian Whitemoss Associates Ltd.

Regent House; 235-241 Regent Street, London W1R 8JU.

High street consumer electronics

FINANCIAL PLANNING AND ANALYSIS MANAGER

Bedfordshire

\$30,000-\$35,000 + Up to 40% bonus + BMW 5 Series

This highly prestigious leisure, entertainment and services group is a household name throughout Britain, with a turnover in excess of \$1 billion. Its largest business division covers the UK rental, retail and financial services companies which in themselves account for over 50% of total group turnover.

They require a dynamic and commercially aware Chartered Accountant in his or her early/mid 30's to assist in spearheading their projected expansion plans. The successful appointee will be working closely with the divisional Finance Director in supporting and advising the divisional and subsidiary company Boards. As well as incisive appraisal of ongoing business performance, responsibilities will also encompass:

☐ Strategic planning and business appraisal

FINANCIAL

CONTROLLER

SW₁

International Trade

Salary £28-35,000

+Car+Benefits

☐ Identification and assessment of business improvement areas including acquisitions

The appointee will need to demonstrate a track record of successful business enhancement from within a fast moving finance function.

A highly attractive remuneration package comprises a very competitive salary, and a comprehensive range of benefits, including relocation assistance. This package has been designed to attract individuals capable of progressing to a Senior Finance Directorship in a subsidiary company



Please write enclosing full CV, quoting Ref.A202 to Charles Austin at Mervyn Hughes International Ltd, Management Recruitment Consultants, 63 Mansell Street, London E1 8AN. Tel: 01-488 4114.

A rare opportunity to join a major, long and well established private company. Today, the Group employs 24,000 people worldwide with a turnover of US \$5bn. The company has always been international in scope, involved in industrial, marketing and trading operations.

The London arm of the organisation is a globally orientated oil trading subsidiary involved in both physical and futures transactions. The parent company is headquartered in

Following the restructuring of the business, the company is seeking to appoint a Financial Controller. You will be working in a small team of about 10 people and reporting to the Managing Director with whom there will be close lialson on areas such as business appraisals and financial planning. As a member of the management team, you will be responsible for a wide scope of duties including budgeting, forecasting, systems development and implementation. Statutory and financial accounting as well as advice regarding any changes in standards and their effect on the company's procedures.

it is essential that any individual applying for this position is a self starter and has sufficient commercial exposure (a minimum of 2-4 years) to take full responsibility for the position from day one. You will have an accounting qualification, and have previous experience of installing new systems in a transactions/trading based environment. Suitable candidates will be aged to 35, have a flexible approach and the drive to see things through to completion.

If you would like to discuss this position in greater detail, preferably call Harsa Savjani on 01-629 4463, or alternatively write to her enclosing a current career history, quoting Ref. HS162.

A MEMBER OF THE HARRISON # WILLIS GROUP Cardinal House, 39-40 Albemarle St., London WiX 3FD. Tel: 01-629 4463

Mobil **Operational Review** Worldwide

25-30

More than ever, what sets an oil company apart from the competition is technology - Mobil's commitment to excellence has made them the forerunner in this prominent area of the energy business.

AND SELECTION CONSULTANTS

To further establish their standing in this growing high-tech industry they are seeking talented, high calibre individuals to continue in their success. The Corporate Andit Department is recognised as a source of candidates for Mobil's management

Successful candidates will travel worldwide gaining unique experience that can lead to significant career progression outside the Department. Opportunities

Tax Free Salary+Benefits

exist for both operational and computer auditors. The positions are particularly suited to young chartered accountants with 1-2 years' PQE, or other candidates with proven computer audit experience.

The package offers significant capital accumulation opportunities. In addition, Mobil pay the living and travel expenses of your spouse if you are married.

Interested candidates should ring Tony Seager on 01-831 0431 or alternatively, write to him at Michael Page International, 39-41 Parker Street, London WC2B 5LH, enclosing a comprehensive CV with contact telephone numbers and quoting reference 2200.

Michael Page International

International Recruitment Consultants London Amsterdam Brussels New York Paris Sydney

Finance Manager

Central London c. £35,000 + car + bonus + share options

The Director of the Financial Planning & Analysis Group of this international consultancy organisation, wishes to strengthen his team by recruiting a commercially-minded Finance Manager.

The Finance Manager will play an important role in shaping the business strategy of a major division which provides specialist consultancy and implementation

services in information technology. diversification is anticipated which will result

In line with floration plans, further growth and in the division doubling in size and turnover in the next two years. The Finance Manager will work closely with the Divisional Chief Executive and advise him in all commercial

aspects of the business, including acquisition appraisals. Experience in the IT industry would, therefore, be You will provide the Board with effective financial

and management information and assist in the formulation of business plans. You will need to understand quickly the factors driving the business and to provide clear recommendations for management action to achieve the growth and profit targets of the division.

If you are a qualified Accountant and/or an MBA, aged 29-35, and have the ability and experience to achieve results in a fast-moving environment, then please send your cv, indicating current salary, to Fiona McMillan, Ref: 2746/FM/FT.

PA Personnel Services

Executive Recruitment • Human Resource Consultance

Hyde Park House, 602 Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Fax: 01-235 0434 Telex: 27874

INTERNAL AUDIT **Global Capital Markets**

To £35,000 plus full banking benefits and car

Our client is the securities and investment arm of a major Japanese international bank, and was established in London to enhance their active participation in international capital markets workiwide. It offers an innovative and imaginative range of services underpinned by its continual investment in technology and the substantial resources of the parent bank. It now seeks a self-motivated individual to

establish a new audit function with managerial responsibility for the control and security of all operating procedures. The appointee will be required to input directly into Management, reporting to the Deputy Managing Director, and will monitor closely any major developments

within the organisation, making recommendations as necessary. Candidates should be qualified accountants with a sound knowledge of securities and investment activity and the current regulatory requirements. Professional credibility must be quickly established so a sharp analytical mind is essential, as is the ability to adopt a flexible approach within a changing international environment. Other key skills will include a knowledge of computerised banking and accounting systems and the ability to communicate effectively with colleagues at

Please reply in confidence, enclosing full career details, to Hilary Douglas quoting reference 7293.

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KPMG Peat Marwick McLintock

Executive Selection and Search 70 Fleet Street, London EC4Y 1EU

Finance Director

to £40,000 + car

Our client is a menutacturer of phrasmacounical products which has achieved a pre-eminent position in its market. Success can be alimbuted to its product excellence, tectmological innovation and a deep understanding of customer needs. The Company has ambitious plans to broaden its business penetration in the UK and over and tumover is forecast to double next ye The role of the Finance Director offers the opportunity to

help shape an exciting tuture. As part of a smell close talk board, the appointee will manage the Company's financial affairs and participate fully in its business direction and commercial policy. Of prime importance will be the formulation of product pricing policies, the negotiefon and financial management of contracts and the generation of Engaged plans and forecasts for product and business development. Other priority areas will be the development of management and financial control systems to maximise operational efficiency and treasury affairs including forex and estment pošcy.

N.W. England

Candidates will be qualified accountants, agaid between 35-45 with provious senior level experience gained in a manufacturing environment. Exposure to the phermaceutical known would prove useful. As well as excellent lineace and treasury skills, we are isolong for strong countr negotiating expertise and the ability testimotion effectively in a less moving operating environment. Personal attributes will include a creative approach, defendingles, commitment and su laterium que coje dejata est obbonaria aplaço countyprine si que lestos

heart of strategic decision making and will offer scope for further development in either imance or general management.

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Please raply in confidence giring conciund personal detailets: Judith Richardson, Refer 121, o,6-11 Februar London ECAA TOHL



Arthur Young Corporate Resourcing

A MEMBER OF ARTHUR YOUNG INTERNATIONAL



The Institute of Chartered Accountants in England & Wales

BUSINESS CONSULTANCY

Based Milton Keynes

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Opportunity for a Chartered Accountant, with a strong public practice background and ability in management and consultancy work, to take responsibility as Director of the institutor's highly reputed Practice Advisory Service.

This will entail managing a small team of qualified Consultants undertaiding assignments for member firms throughout the country, providing practical advice and workable solutions on all aspects of their practice management. This typically involves financing and profitability, structure and planning, marketing and development.

This is a high profile position which, in addition to controlling and developing the core work of the service, involves lecturing, presentations and liaison with other departments as part of the institute's role in supporting a progressive public practice sector. Relocation assistance would be provided.

To progress this opportunity contact John N. Seear, FCA, or Reena Rai on 01-628 7060 or forward a full C.V.



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For Further Information Contact 01-248 8000

> Elizabeth Rowan Ext 3456

Wendy Alexander Ext 3526

SERIOUS FRAUD OFFICE Accountant/Investigator

Grade 7

Investigators Division, London

The Serious Fraud Office was established under the Criminal Justice Act 1987 to investigate and prosecute the most sectous or complex cases of fraud. It has substantial statutory powers to enable it to deal

You will join a team of lawyers, accountants and members of the police force, who work closely together in conducting investigations and enquines into cases of reported and suspected serious fraud. You will be responsible to one of 4 officers at Grade 5 who are qualified accountants.

You should either have formal accounting qualifications with relevant post-qualification experience or substantial investigative experience. Starting salary will be in the range £18,440-£23,485 with further: increments depending on performance up to £27,570. Beneficial pension scheme arrangements.

Relocation expenses of up to £5000 may be available. For further details and an application form (to be returned by 17 November 1988) write to Civil Service Commission, Alencon. Link, Basingstoke, Hants RC21 LJB, or telephone Basingstoke. (0256) 468551 (answering service operates outside office hours). Please quote ref: G/7752.

The Civil Service is an equal opportunity employer

Our client is a major international industrial group,

whose turnover exceeds £500m. The Equipment

sub-Group has a turnover in excess of £60m and

consists of six companies, three in the UK and

This sub-Group wishes to appoint a Finance

Director, and he will be expected to make a

Growth is likely to be both organic and by

will demand considerable input from the new

Finance Director The role will enjoy a degree

of international travel particularly to the USA.

Director reporting to the sub-Group Managing

significant contribution to the future strategy of the

sub-Group as well as having overall responsibility for the finance function of the six companies.

acquisition and it is envisaged that all acquisitions

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PROCESSION CARROLL PENSION NO. Midlands

three in the USA.

Car

City

the firm at all levels.

To £40,000+Car+Benefits directing and conducting in-house and external

Our client, an innovative and enthusiastic national practice with strong international associations is looking to recruit a tax training manager for the management, co-ordination and development of the national tax training programme. This challenging position would suit an individual with strong technical skills, the intellect and strength of personality to assume responsibility for developing the technical standards of

Candidates should relish the prospect of working with and providing technical assistance to partners and senior managers within a practice which is totally committed to training. The individual will be responsible for the ATII training programme. lizison with external tutors, developing,

workshops and seminars. Given the visibility of this key management position and

the strategic importance of training to the future development of the practice, candidates must display energy and enthusiasm to ensure that the high technical standards of the firm are maintained. The prospects for progressing to partnership are excellent, both within the training department or on returning to mainstream client work. To find out more about this challenging opportunity please send a full c.v. in confidence to: Chris Nelson, Manager, Taxation Division,

Michael Page Finance, 39-41 Parker Street, London WC2B 5LH. Tel: 01-831 2000 (evenings and weekends 01-785 6545).

Michael Page Finance

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham

Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Divisional Financial Director

Michael Page Finance

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Sub-Group Finance Director

executive car.

North Hampshire c£30,000 + bonus + car

A manufacturing subsidiary of a fast expanding group wishes to appoint a Divisional Financial Director. Specialising in the manufacture

of electronic equipment and components, the company is actively enhancing its technology, product quality and customer service as part of an overall development strategy.

Reporting to the Divisional. Managing Directoryou will be required to develop and implement cost effective financial and management. accounting systems. In addition, you will be expected to review the current

financial operation in line with the overall business objectives and implement changes where appropriate. You should have at least five years

experience in a financial management role and have a recognised professional accounting qualification. Aged 30-40 you should ideally have experience of developing and implementing both manual and computerised accounting systems. Equally important however is the

management team in making a

significant contribution to the future

growing business. Send a full CV detailing your current salary and quoting reference number MCS/8824 to: Penny Stocks, **Executive Selection Division** Price Waterhouse Management Consultants Livery House 169 Edmund Street ability to operate as part of the senior Birmingham B3 2JB

development of the Division. This-

is an exciting opportunity to have

a significant impact on a rapidly

£30k+Bonus+Car

Candidates should be qualified accountants ACA.

ACCA, ACMA, probably aged between 35-45,

Essential personal qualities will include excellent

growth, there are considerable future possibilities

for the right person. There is a substantial salary

package including bonus, private health cover and

Michael Page Finance, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST

who have consistently enjoyed a record of achievement in a manufacturing environment.

interpersonal skills and the ability to manage

Tony Hodgins ACA, Executive Division,

Interested candidates should write to

enclosing a comprehensive C.V. at

change. Given the current and planned rate of

Price Waterhouse



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We, a subsidiary of The Saitama Bank Ltd., a leading Top 50 International bank are rapidly expanding its securities operation and we now seek to recruit two key individuals: Age 30 - 40's

ACCOUNTANT/COMPLIANCE

The position will carry the responsibility for the entire Accounting and Compliance function. The successful candidate will be a qualified accountant preferably with financial services experience and be familiar with TSA rules.

OFFICER

The personal qualities sought are a high degree of enthusiasm and commitment and a willingness to be extensively involved in a rapidly expanding operation. Salary and Benefit arrangements are excellent for the right applicant.

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The experience sought is likely to have been gained with good client contacts over a couple of years within an International trading organisation. The position will carry the responsibility for enhancing and Continent.

The products required to deal are International Fixed Income Securities and Equity Related Securities.

For further details please telephone Raymond F Akerman (Manager, General Affairs) on 01-329 4151, or write giving brief details to the address below.

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MEMBER OF TSA 30 Cannon Street, London EC4M 6YD Telephone: 01-329-4151

APRICOT COMPUTERS PLC

FINANCIAL DIRECTOR-APRICOT SIGMEX



- c.£40,000
- Executive Car
- Private Petrol, BUPA, Share Options
- Horsham,

Apricot Computers Pic has strengthened its profile in Government Sales with the acquisition of Sigmer, an internationally-based command and control, computer graphics company. There is a requirement for a Financial Director, to join a new dedicated management team, to further the development of the Division's operations through organic and acquisitive growth. This business orientated role offers a substantial

challenge to a qualified Financial Controller/ Director with an electronics industry background. Working closely with the Managing Director, the successful candidate will develop the business support services and financial discipline required for achieving the full potential of this important acquisition.

For consideration, please forward a written application to our recruitment advisor, Sally Coggins, at the address below quoting reference FC103A, or call her on 021-631 4030 during office hours or 021-472 5073 evenings and weekends.

= 14 THE SQUARE, BROAD STREET, BIRMINGHAM 815 1AS. TELEPHONE: 021-831 4030 =

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BRUSSELS 010-322-040 7151/71

HEAD OF INTERNAL AUDIT

£29,000

A highly successful and rapidly expanding financial services group have identified the need to establish an internal audit function. The company wish to appoint a high calibre self-starter with the responsibility for initiating and developing this key + FE Car operational role. An ambitious-minded ACA, aged 25-30, you have ideally gained some experience

M11 Corridor

within the financial services sector, either in the profession or subsequently within an internal audit capacity. You display strong technical and computer skills and have the ability to communicate effectively across all managerial levels. Within this growth-orientated environment, you will have an opportunity to provide a

positive contribution to the continued progression of the business. An ability to appraise financial and operational control systems and to assess security and risk

The company offer an excellent benefits package to include a fully expensed executive car, free medical insurance, contributory pension and a comprehensive relocation package.

For an initial informal discussion about this opportunity telephone Jenny Hanford on 0727 35116 (out of hours 0727 56986). Alternatively forward your CV to the address below.

MANAGEMENT PERSONNEL Eclipse Court, Half Moon Yard 14b Chequer Street, St. Albans Herts AL1 3YD



DIRECTOR

MOVE TOWARDS GENERAL MANAGEMENT

Central London

£40k Base + Profit Share, Car, Benefits

This growing design and manufacturing PLC, a leader in the varied markets it serves, with exciting projects planned and coming to fruition, seeks a commercially oriented accountant to join the Group board.

To take the Group into its next phase of

- development, you will: · be responsible for financial, accounting and
- assist the Managing Director in the definition of
- corporate strategy, develop relationships with City institutions and
- effectively support and advise the operational

We seek qualified accountants, of graduate calibre, who are mature, effective commun nersuaders. Candidates must be able to demonstrate a track record of success and, the ambition to develop further, possibly into general management.

Our client will have sight of applications; organisations whom candidates do not wish to sider should be listed. Please write in confidence, with present remuneration, enclosing full career details to James Forte, quoting reference 5487.

KPMG Peat Marwick McLintock **Executive Selection and Search**

70 Fleet Street, London EC4Y 1EU

GROUP FINANCE DIRECTOR

Cheshire £60,000 Package plus Car, **Equity Options**

Our client is a £150 million turnover marketing led public company engaged in the distribution of high technology equipment and the provision of added value consultancy and engineering services to support their installations. An aggressive commercial strategy and a reputation for the highest level of customer service have led to rapid growth in recent years.

They seek to recruit a Group Finance Director who, as a member of a small team, will be responsible for all aspects of financial management. Key areas include strategic planning and control in a fiercely competitive market, the direction and control of the finance functions and liaison with the City and the company's professional advisers.

The successful candidate will possess outstanding technical and interpersonal skills, commercial awareness and the drive to direct the financial affairs of the company through a key phase of development. The

position would suit an existing Finance Director of a quoted company or an exceptional younger candidate seeking significant career development.

This is a high profile role within a major business. The company therefore offers a highly competitive package together with substantial fringe benefits and an opportunity to participate financially in the success of the business.

Interested applicants should send a comprehensive career résumé including salary history and day time telephone number, quoting reference 2983, to Mr. P Hornby, Executive Selection Division.

△ Touche Ross

Eleven Albion Street, Leeds LSI SPI Telephone: 0532 444741.

INDUSTRIAL SERVICES

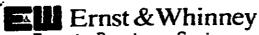
North East England – c.£45,000 plus substantial profit share

Our client, a privately owned construction and industrial services group with a turnover in excess of £60 million wishes to appoint a Group Finance Director who will work closely with the Chief Executive in further business development.

Key requirements of this job will be the financial coordination of diverse industrial activities, assisting the Chief Executive in the pursuance of potential acquisitions and the continual review of group structure for financial and taxation purposes.

Candidates for this position must be qualified accountants currently in a finance director position either with a successful medium-sized industrial group or with an industrial services subsidiary of a larger group. This position carries the potential for considerable total earnings and a high profile within a successful business.

If this role may be of interest to you please send brief and personal career details, in confidence, to Douglas G Mizon quoting reference F/879/M.



Executive Recruitment Services Becket House, 1 Lambeth Palace Road, London SEI 7EU.

Switzerland

Relocation paid

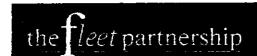
c£35,000 p.a.

Our client is a front runner in the highly professional and competitive business of international banking. Owing to a recent promotion within the Operational Audit function a vacancy has arisen which has outstanding potential for the successful

The position is based in Geneva, with approximately 25% travel to a range of European locations, and will involve reporting on a variety of both financial and non-financial disciplines. It must be emphasised that the bank views the Audit function with considerable respect and as a result responsibilities will be satisfying as well as demanding. It is also stressed that this is not a career auditor's position and the successful applicant should anticipate a promotion from the function in

Our client is keen to attract a top flight Chartered Accountant (aged 25-30 yrs) whose training and/or post-qualifying experience has included financial services clients. Good communication skills are essential in English and (to a lesser extent)

For further information and in order to arrange a confidential discussion of this highly attractive role please contact Chris French at the address below or call him outside office hours on 01-399 9393.



Financial Recruitment Consultants. 37/41 Bedford Row, London WCIR 4JH. 01-831 1101 (24 hours) Fax 01-831 4204

CONTROLLER

Reading

£25K + bonus, car

Our Client is a rapidly expanding subsidiary of a British plc, and manufactures, markets, and sells a range of industrial products for the building industry.

A young, ambitious financial executive is required to take responsibility for the accounts function, including financial and management accounts, reporting, budgeting and cash flows. Reporting to the Managing Director, there will also be important work on product and contract costing and improving the existing computer based systems, as well as supervising a small team.

Candidates, male or female, aged probably in their twenties or early thirties, must be qualified accountants with experience of working in manufacturing industry with associated costing systems. Importantly, they must have ability to make a broad commercial contribution to the successful management team.

The attractive renumeration package includes a car, bonus, and other benefits. Please reply in confidence to Michael Hann. Bull Thompson and Associates, 63 St. Martin's Lane, London, WC2N 4JX, quoting reference no. 1506.

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CORPORATE AND RECRUITMENT CONSULTANTS

Few organisations can offer as much scope for personal, career and technical development as this diversified market leader. After an initial 18 month period you will be eligible for a senior line management position within one of the groups autonomous

For turther information contact: operating units of this major electronics manufacturer. If you are a qualified Accountant and have gained experience in a variety of industries either within or outside the profession call now to discover more about this attractive opportunity.

Accombancy Personne 40/41 Old Bond Street, London WIX 3AF Tel: 01-499 4834



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The Association of Investment Trust Companies wishes to appoint an Assistant Secretary. Members' funds exceed £20,000 million and the task of safeguarding and promoting their interests is therefore vested with considerable prestige and importance.

For turther information cont Accomplancy Personnel 70 Watting Street, Cheapskie, London EC4M 400

This post will best suit a young qualified Accountant with an interest in Taxation and Company Law matters. High personal qualities are needed, and the ability to produce clear reports from a mass of



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c. £30,000 + car& share options

Financial Planning lanager

Our client, City Gate Estates PLC, is a highly successful and growing property development company which achieved a quotation on the USM in July 1988. The company is active across the whole market range and is correctly looking to strengthen its management team prior to further expansion. Projects currently in hand are estimated to be worth around £100 million when completed.

Reporting to the Finance Director, you will co-ordinate the planning of the existing business, and assist in the identification and evaluation of new growth opportunities. Key responsibilities will include the preparation of budgets and long-term plans, project appraisal and cash-flow analysis.

Candidates should be MRIs, aged 25-35, ideally having also gained an accounting qualification.

You should be highly self-motivated, with an analytical mind and strong commercial experience. Previous involvement in acquisitions would be a distinct salvanta

The excellent remnneration package will include a homes arrangement, share options and a quality company car.

Please reply to Christopher Ewas in strict confidence details of age, career and salary progression, education and qualifications, quoting

reference 5159/FT on both

envelope and letter.

P.O. Box 198, Hill

Equity participation

Finance Director

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INVESTMENT

GROUP PLC

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National investment Group pic is one of the UK's leading private client stockbrokers with a nationwide network of 25 integrated offices. Formed over the past two years from the amalgametion of 9 regional and London stockbroking firms, the Group has the backing of three major financial institutions, and is progressively developing its investment services on a national basis.

A Finance Director is required to take responsibility for the Group's overall financial management. The ideal candidate will be a professionally qualified accountant (32-40 years) with broadly based financial and accounting skills, preferably gained within the financial services inclustry. The ability to work easily with a

network of staff and executives throughout the country will be an important characteristic. Location is to be agreed.

The successful individual will have to demonstrate to the Board the capability of working closely with the Chief Executive in further developing and implementing the Group's strategic plan. Equity perticipation is considered a key element of the remuneration.

> To discuss this challenging and rewarding position please contact Robin Woodhead, Chief Executive, on 01-638 7412, convents to him at National Investment Group, Salisbury House. London Wall, London EC2M 55X, Your enquiry will be treated in the strictest confidence.

Financial Controller/ Director Designate

South West Midlands Package £30,000, Car, **Benefits**

This highly successful group of companies is part of a major international organisation. Their products are related to the Home improvement industry. Expansion through acquisition and dynamic growth, has been achieved and sustained in the competitive environment by an energetic and enthusiastic management team. This is an _ opportunity to play a key role in that team demanding a professional, keen to make a

demanding a professional, keen to make a real commitment to the company and its king term objectives.

The successful candidate will take full responsibility for all financial matters and important aspects of this role will be advising the Managing Directors of the operating companies on financial and commercial issues. It is essential that you are an excellent communicator together with well developed management skills. well developed management skills. Aged 30-40, qualified (ACA, ACMA) with at least five years post qualification experience in a medium sized Company. The package also includes relocation assistance where appropriate and excellent career prospects.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, G.J. Deakin, Hoggett Bowers pic, 13 Frederick Road, Edgbaston, BIRMINGHAM, B15 1[D, 021-455 7575, quoting Ref. B18013/FT.

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FINANCIAL CONTROLLER c£28,000 + Car

Oxford

Pergamon Press Plc is the world's leading integrated multimedia publisher in the field of science, technology and medicine, engineering and patents. It now seeks a high calibre Financial Controller to be responsible for reporting and control including the designing and implementing of appropriate systems and to work closely with the Finance Director in the commercial development of the business.

Candidates will be qualified accountants aged 28-35 with a strong manufacturing background and bave the leadership qualities necessary for the control and motivation of a large department. Initiative, drive and ambition are other qualities essential for success within a highly dynamic environment. Career prospects are excellent within one of the UK's most *dynami*c groups.

Please reply in confidence with a comprehensive curriculum vitae including details of current renuneration and a daytime telephone number to D.E. SHRIBMAN.



HUDSON SHRIBMAN

VERNON HOUSE SICILIAN AVENUE LONDON WC1A 20H TEL:01-831 2323

FINANCIAL ACCOUNTANT SOUTH WEST KENT

The company is of medium size operating in the chemical products manufacturing field. It has the backing and encouragement of its parent company, a large pic with world manufacturing and selling outlets.

The company is expecting a turnover of over £12 million in 1989 with substantial further growth projected for the future. The business consists of three separate manufacturing units all under the financial control of this post.

The successful applicant, who will report directly to the Managing Director, will probably be fully qualified, aged over 35 years and will have had experience at this level of responsibility and will be able to demonstrate an ability to control and motivate staff and handle many administrative duties alongside the financial ones. Experience of reporting in financial terms in a large group situation would be helpful.

A salary commensurate with the appointment, plus car and usual benefits is offered. Please apply with full C.V. in envelope marked Private and Confidential to:-

Dr C G Bargess, The Kent Chemical Co. Ltd., George House, Bridewell Lane, Tenterden, Kent TN30 6HS

onathan Wren Accountancy

Chief Accountant £25,000 Our client, a subsidiary of a multi-national computer

organisation, wishes to appoint a commercially aware, recently qualified ACA/ACCA, preferably with the ACIS qualification.

The successful applicant, aged up to 30, will be responsible for the entire development of the finance division, to include the implementation of systems and procedures.

Contact Helen Clements.

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

onathan Wren Accountancy Recruitment Consultants First Floor, 11 Ludgate Circus, London EC4M 7LQ. Tels 01-489 8824. Fax: 01-489 9386

FINANCE CONTROLLER

from UK. The Candidate

MWG Group of Companies
Hanworth Lane, Checkey, Surrey Kills SLA

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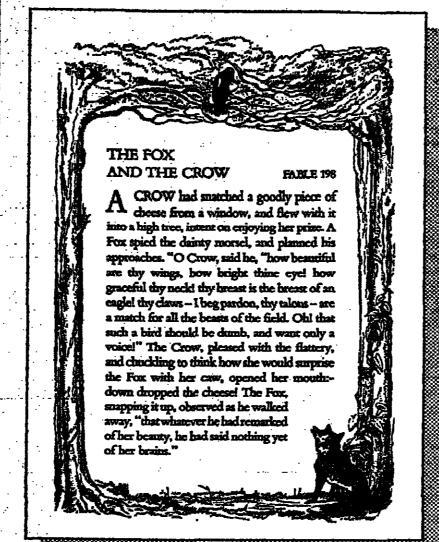
QUALIFIED

LONDON

For more details and to set up an appointment time, call Pauline Godley at MERIT RECRUITMENT OR Basingstoke (0258) 47 (508 until 6.15pm and thereafter on Basingstoke (0258) 64978

A direct line to the





YOUNG ACCOUNTANTS - MANAGEMENT CONSULTANCY c. £27,500 NEG. + CAR

Planning your future today wins its reward tomorrow.

Aesop's table. The Fox and the Crow. readily demonstrates the significant benefits that can be won through strategic planning, a business skill that is equally essential to a successful career in management consultancy.

As a young, qualified Chartered or Management Accountant, the Touche Ross name will already mean something to you - but not perhaps in a management consultancy context. However, you may be interested to know that our growth in this highly competitive market has been quite remarkable in recent years and this is attributable to our standards of technical excellence and impressive record of achievement.

Our role is in helping clients implement change effectively developing creative, yet practical solutions to wide ranging, often complex business issues in both the private and public sectors.

If you are between 26-30 years of age and believe the nature of this work may hold greater appeal than the more conventional accountancy career routes. we should be talking. A survey conducted amongst our 1987 intake of young accountants concluded that the challenge and variety of the work and quality of training were major attractions of the job. And this very much confirmed our own

Salaries are negotiable around £27,500 and a company car is provided.

Don't be foxed into misdirecting your career assets - take a close look instead at management consultancy.

Please send your full cv, to: Michael Hurton, (Ref. 2982), Touche Ross Management Consultants, Thavies inn House. 3/4 Holborn Circus, London EC1N 2HB. Telephone: 01-353 7361.

△Touche Ross **Management Consultants**

Financial Controller

Manchester

Our client is a market leader in the highly competitive field of branded leisure and sportswear, with turnover in excess of £20m. Continuing rapid growth has created the need to strengthen financial controls across all manufacturing and distribution activities.

To meet this requirement, they seek a commercially orientated Financial Controller to become a member of the senior management team, with wide ranging financial responsibilities, including the development of computerised accounting systems and controls. Reporting to the Financial Director, you will also be expected to make a significant

c£27,500 + Car contribution to the strategic management of

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MANAGEMENT SELECTION

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accomplishment at a senior level in a Group or Multi division company; ideally involving financial or retail services.

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FINANCIALTIMES COMPANIES & MARKETS

Thursday October 27 1988



INSIDE

Pebereau prepares to gain revenge



is about to take revenge on his political and business rivals. The former chairman of Compagnie Générale d'Electricilé, dismissed by the rightwing government of Mr Jacques Chirac, is as Chirac, is poised to launch a flamboyant two-pronged attack on Societé Génér ale, France's biggest

bank, and his former company, an attack which will display a mastery of the complex link between French politics, industry and finance.

Frustrations on trading floor

Frustration characterises the Johannesburg Stock Exchange: trustration over the hesitation in the gold price following its advance above \$400; frustration over the unwillingness of cash-rich institutions to commit themselves to equities; and trustration at the Government's economic mis-management. And brokers predict there will be no sustained recovery in either volumes or indices for at least a year.

Lo sizes up hotels group

Mr. Lo Yuk Sui first hit the headlines four years ago after wresting control of two companies from a group controlled by his family, earning him a reputation for ruthlessness. The 44-year-old businessman is back in the news after launching, through Cathay City Investments, an audicine, bid for the second of the secon audacious bid for Hongkong and Shanghai Hotels, a company nearly 30 times larger than the takeover vehicle. Page 29

Consuming interests



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The high value of consumer brands, not fully reflected in stock market valuations, is illustrated by the current takeover lever in the US food industry, according to Mr William Smithbury, chairman and chief execu-tive of Quaker Oats, the US grocery products and toys group which has just seen an 18 per cent rise in first-quarter net profits. Page 26

Forests face the chop

A 40 per cent increase in food output over the next 15 years will necessitate a massive exten-sion of land available to grow tood, at the expense of the world's forests. An area one and a half times the size of France will have to be bought into production, according to a UN agricultural specialist addressing a recent conference of the international comments of the international comments. Irrigation and Drainage. Page 44

Market Statistics

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Chief price changes yesterday FRANKFIRIT (DEI)

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Michelin to back Epeda in fight against Valeo bid

car components group.

Michelin, based in ClermontFerrand, indicated it was "ready to be associated with an alterna-tive solution" for Epeda,

although the group emphasised it did not want to take the leading role in the defence of Epeda. Michelin is also keen to per-suads Pengnot and Remanit, the two French car makers, to join forces with it to help Speda fend off the attack from Valeo. Valeo is under the management control is under the mana of Mr Carlo De Benedetti, the

However, the two car groups have so far been reluctant to become embroiled in the takeover as traditionally they have opposed the idea of taking a direct stake in one of their key comment suppliers

component suppliers.

While the private Peugeot group is expected to agree unwillingly to join Michelin, with ingly to join Michelin, with which it has close links, Remanit is understood at this stage to oppose the Michelin rescue proposal. Even if the Michelin plan goes shead, Peugeot is expected to participate only symbolically. There were also increasing doubts last night about the chances of the Michelin rescue getting off the ground.

Michelin has long been regarded as France's archetynal

regarded as France's archetypal secretive family-controlled enterprise, and Mr Michelin has often defended the traditional indus-trial and moral values of French

Michelin, the French tyre group, amounced yesterday it was ready to rescue Epeda Bertand Fanre, the car seat manufacturer which is attempting to fight off a hogtile takeover bid from Valeo, the leading French car components group.

Stickelin hand in Clermont. withdraw their joint FFT3.7bn (\$605.6m) takeover offer for Epeda after its board decided on Tuesday neither to support nor

Valec and Chargenrs had made their bid conditional on the approval of Epeda's board.

As a result, Valeo is going ahead with its original FFr2.3hn bid involving a combination of convertible bonds and cash for 60 per cent of the car sest company. Unless a new counter offer is tabled, trading in Epeda shares will resume tomorrow.

The dramatic developments of

the last 24 hours have made the outcome of the battle more uncertain than ever, after it seemed that Valeo and Chargeurs had stitched up the deal last week with their controversial joint bid.

Since then, however, the banks representing the various parties
- including Banque Worms,
Lazard, Paribas and Stern have been battling between them-selves, helping to scuttle the joint

When Epeda's management decided to defer the approval this week of the joint bid, Lazard and Worms, the banks representing Chargeurs and Epeda respectively, decided to withdraw their support for the takeover on the grounds that they considered it no longer a friendly but a hostile bid.

Vodafone flotation reaches only modest 4% premium

By Philip Coggan in London

SHARRS in Racal Telecom, the company which operates the Yodafone cellither communications network, reached only a modest 4 per cent premisin when they started trading in London and New York yesterday.

The shares, which were offered at 170p, closed in London just 6%p higher. Some experts had been forecasting a premium of

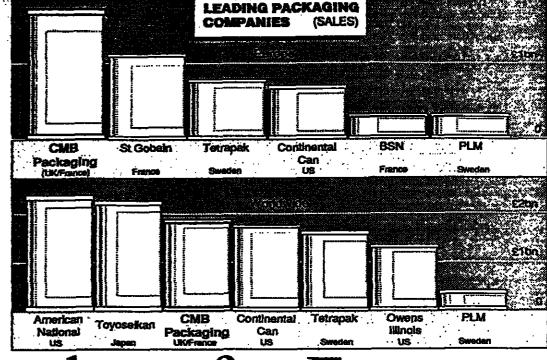
been forecasting a premium of 20p. Shares in Racal Electronics, the UK group which retains a 80 per cent stake in Racal Telecom's equity, fell 7p to 298p.

The £1.7bn (\$977m) Racal Telecom flotation was one of the most ambitious offerings attempted on the London stock market. The shares were valued on a prospective price carnings ratio of 30.5. almost three times the UK market average.

Racal Electronics and its advisors. US Collinson Scotts assured. ers, US Goldman Sachs, argued that Racal Telecom was priced

attractively There was some evidence of US emand yesterday. Trading volume in the UK was 67m, equivalent to a third of the shares offered, and Goldman Sachs was actively buying for US clients. US investors were allocated 44m of the 200m shares under the issue. The bulk of the offer went to Racal Electronics holders, many of whom appear to have taken the opportunity to sell yesterday. Lex, Page 24





Boxing clever for Europe

Maggie Urry on a French-UK challenge to the world packaging giants

he proposed merger of the packaging interests of Britain's MB Group (for-merly Metal Box) with Carnaud, the leading French metal packag-ing company, announced yester-day, provides a timely example of two companies facing up to the challenges a single European market will bring in 1992. Carnaud is to buy Metalbox Packaging for 5780m (\$1.35bn) in cash and shares to form CMB Packaging, which the two sides believe will be a pan-European packaging group large enough to compete against the US and Japa-nese giants. Each company has main strength in metal cans,

with the food and drink indus-tries as leading customers. with an estimated turnover of £2hn, it will be the largest packaging group in Europe, although that is not a big stake in a market valued at £35bn. It will also be the third largest in the world after American National and Townselkan of Japan.

Toyoseikan of Japan.

Where is bound to be speculation that the deal is at least partly defensive, given the bid speculation which has recently surrounded MB and the emer-gence this mouth of Elders IXL of Australia as a 5 per cent shareholder in the group. But the British and French

companies say there have been two industrial events in recent months that helped persuade them to join forces. First, Coca Cola, the soft drinks company, asked packaging companies to tender for a new plant in Wakefield in the north of England. MB applied, but the business was won by Nacanco, a subsidiary of American National. MB realised

it would have had a better chance had it been able to offer Coca Cola a worldwide deal on the pricing of cans.

Later, Coca Cola was looking for operators for a plant in Dun-

kirk, northern France. MB, concerned about a possible repeat of the Wakefield experience, started talking to Carnaud – the two are old friends - about a joint project. The final decision on the Dunkirk plant has still to be announced, although MB is doubtful of its chances. The resulting company, CMB Packaging, will have its shares listed in London and Paris, its

headquarters probably in Brussels, and operations throughout Europe. It will also have subsidlaries in the American, Asian and African continents. Its major customers - such as

Unilever, Nestlé, Proctor & Gam-ble, Pepsi Cola, Coca Cola, Mars, Heinz, and L'Oreal — are all multinational groups. The new com-pany will have much greater muscle in dealing with them and will be ready to offer a pan-Euro-pean service. It can put its pro-duction plants to the best use, bring its new products to differ-ent markets and help with customers' marketing strategies, which are often cross-border. Mr Brian Smith, chairman of

MB, believes that CMB Packaging will be able to expand more quickly than either Carnaud or MB could have alone.

Mr Jean-Marie Descarpentries.

the president-directeur-general of Carnaud who will head CMB Packaging, clearly agrees. Already he has a "dream" of where the company is going, starting with some in-filling in

gre flexible plastic packaging interests. He also sees the rest of the world as growth potential. While relations between the two sides are evidently cordial, other cross-European alliances have foundered in the past. Nei-ther believes this will happen to CMB Packaging, but the banks involved have drawn up detailed agreements on how the two major shareholders will deal with each other in the event of one

MB and CGIP, a French hold-ing company which owns 44.9 per cent of Carnaud, will each have 25.5 per cent of CMB Packaging's equity. If control of either shareolder changes, the other will have the chance to buy its stake. The business should be relatively lean and fit since both MB and Carnaud have undergone substantial rationalisation over

the past few years. At the start of the decade MB was making virtually no profit from its UK busi-ness. It has since spent £150m on rationalisation. Yesterday it announced a 28.5 per cent rise in interim profits to £55.5m. Carnaud has been France's textbook corporate turnaround. Mr Descarpentries, a former McKinsey and Co management

consultant, has restored the group from losses of FFr159m (\$25.8m) on sales of FFr4.6bn in and, after paying off debt, cash of 1981 to profits of FFr365m on sales of FFr7.23bn last year.

The deal raises two further business.

But without its packaging side,

be to MB shareholders, who must give approval at a meeting sched-uled for January? And how via-ble as a business will be the remaining rump of the MB rump could attract one.

group?

MB estimates that shareholders in the existing group could theoretically get earnings per share of about 23.5p this year, with 4.9 coming from CMB and 18.6 from the rump of MB. (They will also receive some shares in CMB Packaging). That compares favourably with MB's historic, fully diluted earnings per share

of 20.9p.

Mr Brian Smith, chairman of MB, expects that when the MB shares return from suspension. some weeks hence, they will be rather higher than the 273 / p at which they were frozen yesterday. He argues that the Carnaud deal puts a price of £780m on the packaging interests (though that depends on the French company's share price), which values the rest of MB too cheaply, at about £127m fully diluted.

about £177m fully diluted.

Analysts were still working through the complexities of the deal yesterday, but the preliminary view was that MB shares might reach 300p when the sus-pension ends. And that would seem to augur well for shareholder approval.

The rump MB will consist of

two operating divisions: heating and bathroom products, and cheque and business form printing. It will also have its 25.5 per cent stake in CMB Packag But without its packaging side.

questions: how attractive will it the shrunken, cash-rich MB does not have a particularly powerful logic as a group. So, although the present MB may escape a bid attempt, it is possible that the

Ford Motor races to fresh record

By Anatola Kaletsky in New York

FORD MOTOR, the US car and truck manufacturer, announced another set of record profits for its worldwide operations in the third quarter, despite a substan-tial decline in earnings from the US market.

Ford's worldwide net income was \$856m or \$1.78 a share, up 22 per cent on the \$705m or \$1.88 reported in the third quarter of 1987. The company's worldwide sales increased 16 per cent to \$17.7bn and its factory sales vol-ume was up 12 per cent to 1.362m <u>units.</u>

The whole of the improvement in profits, however, came from international operations, which earned a net \$384m, compared with \$110m a year ago. In the US, Ford's earnings declined 20 per cent to \$2472m. Ford said the declining US per-

formance was due to new model introduction costs, lower earnings from the financial services group and a "less favorable prod-

The company had to cut production of some of its more profitable medels because of plant changeovers to build the new Thunderbird and Cougar sports cars which are being introduced in the current quarter.

Despite these problems, Ford's share of the US market continued to increase. Ford's third-quarter share of the car market was 21.3 per cent, compared with 20.4 per cent a year earlier. In trucks, the market share

dvanced to 28.9 per cent from 27.9 per cent. Ford's total sales of cars and trucks in the US and Canada increased 12 per cent to 878,142

Ford said its international business improved in all the major geographical areas, including Europe, Latin America and Can-ada. Total sales of cars and trucks outside the US and Canada increased 5 per cent to 466,182 units.

The biggest advances were in Germany, where sales increased 6 per cent to 205,681 units and Mexico, where sales more than doubled to 17,476 units. Unit sales declined slightly in Britain and

Earnings in the company's financial services group were down 15 per cent on a year ago. The group, including Ford Credit. First Nationwide Bank and Ford's leasing and international credit affiliates contributed 35 cents to the third-quarter's earn-

ings per share. Johnson breaks off KKR talks

By Anatole Kaletsky

MR ROSS JOHNSON, the chairman of RJR Nabisco, the US tobacco and foods conglomerate which has been targeted by two separate investor groups for the largest takeover bid in history, said yesterday he was breaking off negotiations with Kohlberg Kravis Roberts the Wall Street Kravis Roberts, the Wall Street leveraged buy-out firm which has offered to buy his company for

\$20.3bm or \$90 a share. Mr Johnson heads another tential buy-out group, financed by Shearson Lehman Hutton. which put RJR in play last week by saying it was considering making an offer of \$75 a share, or about \$17bn.

His decision not to talk to KKR appears to pave the way for the biggest takeover battle ever wit-nessed on Wall Street. It also raises the possibility that Mr Johnson might drop his own plans for a buy-out and urge RJR's board to oppose any takeThe announcement came after a day of speculation that KKR and Shearson might negotiate a truce, allowing the two investor groups to mount a joint bid for RJR.

Although Mr Henry Kravis, a senior partner of KKR, and Mr Peter Cohen, the chairman of Shearson, were known to have had tense and unproductive dishad tense and unproductive dis-cussions late last week, specula-tion about a truce was encour-aged by the two sides' officials, who confirmed that further meet-ings were taking place.

One possibility was said to be that RJR would be split in two after a buy-out, with Mr Johnson and Shearson getting the tobacco business and KKR taking the food operations.

food operations.

In yesterday's announcement, however, Mr Johnson said "dis-cussions with representatives of KKR concerning the formation of a possible joint proposal" had been terminated. Mr Johnson's

group had "concluded that a transaction involving KKR would RJR Nabisco, its employees or the diverse communities it

Mr Johnson added that he and the Shearson-led investor group were continuing to explore the possibilities of making a hid for RJR but that there could be "no assurance" of any proposal being presented.

Assuming Mr Johnson's group made a firm proposal, both bids would have to be assessed by an outside directors. However, some arbitrageurs

feared that if Mr Johnson were thwarted by KKR in his plan to buy the company for \$75 a share he could urge his directors to block any offers from the outside group.

RJR's stock fell \$1% to \$83% shortly after Mr Johnson's

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Bethlehem

trebles net

RETHIEREM STEEL, the big

US basic steel producer, yes-terday reported a tripling of its net income in the Septem-

ber quarter as the company

continued to enjoy boom con-ditions in its business.

Bethiehem, which was considered a candidate for bank-

ruptcy just two years ago, saw its net income rise from

\$30.4m or 46 cents a fully-di-lated share in the 1967 Sep-tember quarter to \$101.4m or \$1.18. Sales advanced 24 per

The strong improvement,

which was due to higher volumes and prices and produc-tivity improvements, gave Bethlehem nine-month profits

of \$337.3m or \$4.17 a fully-diluted share, as against \$102.8m or \$1.81. Nine-month

sales were up 22 per cent at

The third-quarter gain was achieved despite a number of special charges designed to

shore up the company's once perflows finances. In the third quarter, the company took an

88m writedown on two mar-

ginal divisions and a trouble-

The company also added \$200m to its pension fund and further repaid debt, so that its

some US Navy contract.

Steel

income

in New York

cent to \$1.43bo.

By James Buchan

Du Pont hit by poor oil production business result

DU PONT, the world's largest chemicals company, yesterday reported its earnings were lit-tle changed in the third quarter because a poor performance in its oil production business cancelled gains from refining, coal, polymers and agricultural and industrial chemicals.

The Wilmington, Delaware group said its third-quarter earnings rose just 2 per cent over the 1987 September quar-ter, to \$461m or \$1.91 a share. The 1987 figure included a non-recurring gain of \$31m or 13 cents a share. Sales were up 5 per cent at \$8.01bn.

Third-quarter profits were sharply lower than in the June guarter, when Du Pont earned

\$2.67 a share, and show how the company is hampered from exploiting weak energy markets by its highly integrated structure. While bulk chemical companies such as Dow Chemi-cal and Union Carbide are enjoying a boom from low raw materials prices, Du Pont actually lost \$28m from oil produc-

tion in the quarter.
Mr Richard Reckert, Du Pont's chairman, said: "Earnings in the third quarter bene-fited from good worldwide demand and substantially improved downstream petroleum margins, but were constrained by lower crude oil prices and higher costs." Profits from refining tripled

to \$99m, while polymer profits grew 35 per cent to \$39m while coal, fibres and agricultural and industrial chemicals all improved.

Nine-month earnings were up 25 per cent at \$1.69bn or \$7.03 a share on a 9 per cent increase in sales to \$24.5bn.

"Crude oil prices are not expected to strengthen appreciably in the next couple of months, but we look for refined product margins to remain good. Our chemical and specialty products businesses are expected to continue benefiting from good worldwide demand. Overall results for the full year will be significantly

Asset sales boost Primerica

By Robert Vincent in New York

PRIMERICA, which in August this year reached a \$1.7bn merger agreement with Com-mercial Credit Group, more

Arnault funds

LVMH stake

By Our Financial Staff

MR BERNARD ARNAULT, the

French financier who has built

up a commanding position in the LVMH champagne, cognac and luxury goods conglomer-ate, is to raise FFr2.4bn

(\$392m) of fresh capital to help

Mr Arnault's Agache group, joined with the British brewer

Guinness in the holding com-

pany Jacques Rober, have

accumulated a 33.4 per cent

stake in LVMH, giving them a

blocking minority of the votes

finance the stake.

in the company.

ings per share came out at \$2.37, against 94 cents.

The 1988 quarter includes a \$2.36 per share net gain from the sale of two specialty retailing subsidiaries and other spe-cial items, before which net income was \$29.8m or 56 cents.

In the first nine months net income rose to \$229.3m or \$4.24 a share, compared with \$170.8m or \$2.9 a year ago. Revenues were ahead at \$3.07bn, against \$2.55bn.

Mr Tsat said that Primerica's

key insurance businesses posted a 26 per cent increase in operating income. The invest-ment banking and stockbrok-ing side had a poor quarter, with Smith Barney incurring an operating loss of \$14.5m, against income of \$10.5m last The specialty retailing busi-

ness saw operating income decline because of lower income from Fingerhut, the direct mail marketing operation, and the loss of earnings from businesses which had been sold during the past year.

long-term debt level is now half the \$1.06bm of September, Operating profits in the basic steel business rose from \$35.5m to \$186.4m, although the bar, rod and wire division still incurred losses. Bethle-hem said there had been some softening in orders lately, but it thought this was temporary because underlying consumption remains strong and prices

ANHEUSER-BUSCH, the biggest US brower, achieved record third quarter revenues and profits, writes Our Financial Staff. Third-quarter net income rose 16 per cent to \$226.5m or 78 cents a share, from \$195.2m or 65 cents while gross revenues were \$2.55hm. compared with \$2.4bn.

to its restructuring plan.
The company which is fighting a hostile \$42-a-share tender up to \$436.3m from \$425.9m.

vehicle for the Roy E. Disney family is offering \$2.4bn for Polarold which earlier this

came out at \$15.1m, compared with net income of \$76.3m or

Without the charge, the against \$37.7m. The decline is attributed to the start-up of its new Impulse camera.

Wickes receives \$2.7bn offer

The agreement, which was

unanimously approved by the

Wickes board involves a cash

and shares offer through two

newly created companies, WCI Holding II and WCI Holdings,

which are owned equally by Blackstone and Wasserstein.

A tender offer for about 80 per cent of Wickes stock is to

be launched shortly and this

will be followed by the merger in which each outstanding Wickes share will be converted

into \$11.25 of preferred stock of

WCI Holdings.
Blackstone and Wasserstein

said they were "pleased with opportunity to acquire a funda-

mentally solid company with excellent operating manage-ment." Mr Sigoloff, who has

steered Wickes through a

series of takeovers and divest-

ments, said the company was

By Robert Vincent in New York

THE WICKES COMPANIES takeover saga took a dramatic turn yesterday, when the US group announced a \$2.7bn buy-out deal with Blackstone Capital Partners and Wasserstein Perella Partners.

The move comes less than two weeks after a management-led group which launched a \$12 a share lever-aged buy-out of the retailer, automotive products and fabrics group, withdrew its offer.
This bid, headed by Mr Sanford
Sigoloff, Wickes' chairman,
valued the company at about

Blackstone and Wasserstein, two leading New York investment banking firms, are offering \$11.25 a share or around \$538m, but with the assumption of debt the value of the deal rises to around \$2.7bp.

NEWMONT MINING, the US

coal operations.

A BLEAK picture of prospects

for the \$200bn US property/ca-

sualty insurance industry was painted by California based insurer Fireman's Fund, as it

reported a 50 per cept drop in

By James Buchan in New York

TENNECO, the Houston-based

conglomerate which expects to

resp some \$7.3bn from selling

its oil business, yesterday began to deploy the proceeds

with a 51bn share repurchase

to September 30.

programme

a net loss of \$8.8m, an increase on the \$5.2m loss in the second quarter. In the third quarter of 1987, Newmont had a profit of \$21.4m or 32 cents a share or 20 cents a share. The company was driven

into loss by a special pre-tax charge of \$22 im to cover the cost of relocating its headquar-ters from New York to Denver. But yesterday's results also show lacklustre earnings from its main gold subsidiary, New-mont Gold, and the heavy interest cost of debt taken on to fend off bostile takeover last

"delighted" with the benefits

Mr James Birle, a partner in

Blackstone, and Mr Robert

McKeon, a managing director

at Wasserstein, will serve as co-chairman of WCI Holdings and following the merger,

The group led by Mr Sigoloff terminated its offer because of

a significant deterioration in

Wickes' operating income in the current year. But it said at

the time it might consider

drawing up a new proposal which reflected Wickes' changed financial outlook. Wickes, based in California,

also said that it expected operating income for the next

financial year to be signifi-cantly less than forecast.

One analyst specialising in

Wickes said he was surprised

Wickes.

the deal offered shareholders.

Newmont Mining sales surged by 45 per cent to \$127.2m, thanks largely to a sharp rise in production at Newmont Gold, where sales rose from \$68.6m to \$108.3m.

to \$146m in third quarter By Our Financial Staff

that the agreed offer was so

close to the management team's and it raised the ques-

tion of why Mr Sigoloff with-

drew so abruidly.

He added that parts of Wickes would have to be sold off to reduce debt and one of the likely candidates was the

In the second quarter Wickes, which emerged from Chapter 11 protection in 1985, suffered net losses of \$12.43m or 28 cears atthiugh canting.

ing operations turned in a profit of \$19.89m.

The management buy-out offer led to speculation that other bidders would appear on

the scene. Some commentators considered the offer was

intended to create an ametica

so that shareholders would receive the best possible price.

unil coverings side.

XEROX, THE US copiers and financial services group, lifted third-quarter net income 9 per cent to \$148m or \$1.37 a share. It also said its new 50 Series copiers and duplicators would become evallable worldwide by the end of the first quarter of 1969, making a significant contribution to 1969 profits.

Xerox said financial services continued to contribute to except the the third

earnings growth in the third quarter and business products and systems again reflected the strong momentum shown in international operations all-year. Revenues increased 10 per cent to \$4.1hm. In business products and

systems, Xerox reported a 9 per cent increase to \$2.9bn in third-quarter revenues. The company said income from this area increased 5 per cent to \$68m as it continued to experience good growth in copier-du-plicator and printing products, particularly in international

Third-quarter revenues from Kerox Financial Services rose 11 per cent to \$1.5hm. Financial Services contributed \$75m to Xerox net income in the quar-

Our ongoing emphasis on cost control contributed to a 12 per cest increase in operating income. I which was somewhat offset by a higher effective tax rate and our minority partner participation in the

Newmont Mining deeper in red Xerox rises 9%

affiliate of the embattled Con-solidated Gold Fields group of the UK, yesterday reported a second consecutive quarter of losses, as reorganisation costs and interest payments wiped out earnings from its gold and

Newmont Mining, which is 49.7 per cent owned by the UK mining finance house, reported

investments were only \$12m, against \$424m achieved in

Sharp fall at Fireman's Fund

net income to \$164m, or \$3.21 per share, for the nine months Much of the fall occurred because realised gains on

1987's built market in equities. However, the group is also seeing profitability squeezed by the cyclical price-cutting Fireman's has a strategy of

reducing exposure to the down-cycle by buying back its shares and refusing to underwrite insurance at unprofitable

so-called "Dutch auction" ten-

Tenneco begins 18m share repurchase The repurchase is designed

to support Tenneco's stock

price at a time when the cutt-

pany is under threat of take-

prices, but this helped produce a 22 per cent fell in its third-

quarter net premiums from

Farmers Group, the Los Angeles-based insurer which in

August agreed to be acquired for \$5.2bn by the UK's BAT industries, also reported a 14.5

per cent rise in pine-monthly

net income to \$205.9m.

367m to \$667m.

der offer for 18m of its shares, or just over 13 per cent of all its stock outstanding. Mr James Ketelsen, chair-men, said the oil and gas sales and the share reparelesss were further evidence of the com-Tenneco is asking stockholders to tender at between \$50 and \$55. Once the hids are in.

The company, which is realizing its troubled business around manufacturing Tenneco will fix a uniform price which allows it to buy in the 18m shares. peny's ongoing commitment to stronger interestional earn-increasing shareholder value. Interesting the server. operations, yesterday began a Daimler drops Mitsubishi van venture

By Kevin Done, Motor Industry Correspondent

DATMLER-BENZ, the West start a study on the joint devel-German automotive group, has abandoned its controversial plan for a far-reaching co-operation with Mitsubish Motors of Japan for the production of light commercial vehicles in West Europe.

A year ago the two compa-nies announced the start of a feasibility study into the pro-duction of Mitsubishi's L309 panel van at one of Daimler-Benz's Spanish commercial vehicles plants at Vitoria or

At the same time the two companies said they would

opment of light commercial vehicles in the range of 22 to 4.6 tonnes gross vehicle weight. Mr Helmut Werner, Daim-ler-Benz commercial vehicles

director, said yesterday that the scheme to produce the Mitsubishi van in Spain had been killed". He said that Daimler-Benz

had decided that it did not wish to enter a project for so-called "badge engineering" in which two automotive companies produce essentially the same product, but market it under their own names. I don't know of any successful example of badge engineering in the world," he said.

The company had abandoned the project, which would have taken it into a new segment of the light commercial vehicles market, because it did not want to dilute its market

image.

The more ambitious part of the planned co-operation, the joint development by Daimler-lenz and Mitsubishi of light commercial vehicles had been reduced to joint development of components, such as engine parts, said Mr. Werner.

The first result of this cooperation should be seen in two to three years, he said. We are looking at the mained development of engine concepts and transmission concepts. We could perhaps buy parts from the purious of the world. tion in some areas of the world. nich as Brazil are lower than \$500

Misubishi is currently studying the feasibility of establishing a vehicle production base in Europe, either for cars, its four-wheel drive lei-sure vehicles or light commer-cial vehicles.

Ispat leases Trinidad state steel plant

By Canute James in Trinidad

THE ISPAT GROUP of India has leased the state-owned from and Steel Company of Trinidad and Tobago (iscott), and will operate the plant for 10 years from May 1 1989. Iscott has lost just under US\$500m in the past seven years, and the Govern-ment has been searching for a foreign partner to operate the

The agreement between the Indian company and the Trinidad and Tobago Government follows a breakdown in negoti-ations between the Government and Hamburger Stahlwerke of West Germany and Vöst Alpine of Austria, whose two-year management contract for Iscott expires at the end of this year. Iscott, which was con-structed at a cost of \$460m, began operating in 1981, but has since recorded losses of \$473m. The company is projecting net profits of about \$50m between next year and 1990. In an effort to improve efficiency, the Government agreed a man-agement contract with Hamburger Stahlwerke and Vöst Alpine, while saying it was looking for a partner willing to

buy into the plant.
Government officials have not explained the cause of the breakdown in the talks with

the European companies.
The integrated mill has two direct reduction plants with a total capacity of 900,000 tonnes per year, and rated capacity for

However, the plant taken to lift output above 30 per cent of its rated capacity in its first five years, and was set back by the loss of a significant part of its US market for wire rods when US steel producers argued that the Trinidadian company was not a commercial producer because of its access to subsidised fuel, and was effectively dumping the prod-uct in the US.

Under the agreement with the Trinidad and Tobago Government, the Ispat Group will begin assessing Iscott's operations next week, take

700,000 tonnes of billets and over the management in January and then take control of the plant in May.

However, the plant failed to lift output above 30 per cent of its rated capacity in its first five years, and was set back by the loss of a significant part of imports quotas from the US.

Government. He said his comparison. pany operates steel mills in India and Indonesia, and exports steel to Japan, Korea, China, Taiwan and the US.

The agreement with the Ispat Group represents a breakthrough by the Trinidad and Tobago Government in efforts to divest several financially troubled state companies which have been a drain on the country's reduced revenues.

Bid fever 'spotlights food brand values'

By Andrew Baxter

THE CURRENT takeover fever in the US food industry reflects the tremendous value of con-sumer brands which is not fully reflected in stock market valuations, says Mr William Smithburg, chairman and chief executive of Quaker Oats, the US grocery products and toys

Referring to last week's \$11.4bn bid by Philip Morris for Kraft and to the two rival proposals for a buyout of RJR. Nabisco, Mr Smithburg said the price/earnings ratios of both Morris and RJR were lower than those for food companies in general.

Mr Smithburg said he had felt for some years that both companies - which have major tobacco interests - had

been undervalued and "had to do something" to realise the true value of brands with "long lives, good cash flows and good

"You are seeing attempts to reassess the value of these (brands) ... Only the market can say how much they are worth," he told institutional investors in London. Quaker Oats has itself been

the subject of takeover rumours for some time, reflecting the strength of brands such as Gatorade soft drink, Van Camp's and Aunt Jemima foods, and Fisher-Price toys. In August it stressed it was committed to remaining independent.

Last week the company announced an 18 per cent rise in first-quarter net profits to

\$48.7m or 61 cents a share. The increase, which was better than expected, pushed Quaker Oats shares to record levels of around \$60, but Mr Smithburg noted too the "ripple effects" of currect takeover activity, which he described as "an overheated situation."

Nevertheless, he indicated the two megabids could pres-ent an opportunity for Quaker Oats. If some major food assets became available, "Boy, Pd love to be on the front door." Similarly, Quaker Oats is looking at Nabisco's UK breakfast cereals business, which is

up for sale. Mr. Smithburg said Quaker Oats had been marching to the same tune for eight years, divesting businesses such as

adding more growth businesses with the intention of keeping return on equity above 20 per cent. It currently stands at 22

On acquisitions, he said: "We

bought nothing but good names." The 1986 purchase of Gaines Pet Foods had lifted Quaker from fifth to second place in the US market, while Gatorade, bought in 1983, had more than quadrupled in value and was being introduced into. Europe starting with Italy. As for future acquisitions, Mr Smithburg thought it unlikely that Quaker Oats would be able to find a toy

company with the same returns as Fisher-Price, which same tune for eight years, he described as the "world's most profitable toy company that I have numbers for."

than doubled net income in the third quarter. This year's fig-ure, however, was boosted by a substantial gain from asset The US financial conglomerate, created by Mr Gerald Tsai from the corporate shell of the American Can business, lifted net income to \$124.6m in the quarter from a restated \$55.4m last time on revenues down

Polaroid falls into red

By Robert Vincent in New York

POLAROID, the US maker of instant cameras, recorded a third-quarter loss of \$50.4m after taking a charge relating

offer from Shamrock Holdings, said the loss included a pre-tax charge of \$97m. Last year the group turned in het income of \$24.4m. or 39 cents a share. Revenues in the period were

Shamrock, an investment

year announced a reorganisation, part of which entails a move into the conventional-film market. It also said it would shed between 500 and 800 US workers.

At nine months the loss

\$1.23 a share last time. Revenues rose to \$1.33bn, from third quarter pre-tax income would have been \$30.9m,

Anheuser profit up

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ENON LIE R

Deutsche Bank Z coordinated the 3-Tranche Warrant Issue for the Volkswagen Group and arranged the Ptas. / U.S.\$ Swap with the World Bank.

October 27, 1988

All of these securities having been placed, this announcement appears for purposes of record only.



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61/44 p.a.; payable annually in arrears on October 27 October 27, 1998 at par Subscription Right:

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Frankfurtam Main

warrants

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Bank für Gemeinwi Akriengesellschaft

October 27, 1988

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VW International Finance N.V. Amsterdam, The Netherlands

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that day on through October 27, 1998.

Frankfurt am Main, Luxembourg, Zurich, Basle, Geneva, Berne and Lausanne

Deutsche Bank Capital Markets

Commerzbank Dresdner Bank Goldman Sachs

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October 27, 1988

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Volkswagen Aktiengesellschaft

Offering Price: Interest:

warrants

3% p.a., payable annually in arrears on October 27 October 27, 2000 at par

Each bond in the denomination of SFr. 5,000 is issued with two bearer warrants entitling the holder Subscription Right:

to subscribe for a total of twenty-one non-voting preferred shares of Volkswagen Aktiengesellschaft in the nominal amount of DM 50 each at a subscription price of DM 238 per share. The warrants are detachable as of October 27, 1988 and the subscription right may be exercised from that day on through October 27, 1998.

Zurich, Basle, Geneva, Berne and Lausanne Frankfurt am Main, Luxembourg, Zurich, Basle, Geneva, Berne and Lausanne

Union Bank of Switzerland Swiss Bank Corporation

Crédit Suisse Deutsche Bank (Suisse) S.A.

mk Julius Baar& Co. Ltd.

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3

Die Erste österreichische Spar-Casse-Bank First Austrian Bank

US\$40,000,000

Subordinated Floating Rate Notes due April 1992

NOTICE IS HEREBY GIVEN to the Noteholders, that in accordance with Clause 5 (c) of the Terms and Conditions of the Notes, the Bank will redeem all of the Notes at their principal amount on the interest Payment date falling in October 1991 when interest on the Notes

Repayment of the principal and accrued interest will be made on or after the Redemption Date at the specified office of any of the paying agents mentioned thereon, against surrender of the Notes together with all unmatured coupons.

Notes and Coupons will become void 10 years and 3 years respectively after the date on which payment in respect thereof becomes due. Dated: 27th October, 1988

Principal Paying Agent ORION ROYAL BANK LIMITED mber of The Royal Senk of Canada Group

KENYA 25th Anniversary of Independence

The Financial Times proposes to publish this survey on:

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FINANCIAL TIMES

INTERNATIONAL COMPANIES AND FINANCE France's master schemer is back

ques Chirac, who unceremoni-

heavy engineering group. Today, Mr Pebereau is poised

Count of Monte Cristo.
His swoop on Société Générale, France's biggest private commercial bank, has displayed a Florentine mastery of

the complex relationships

between French politics, industry, and finance and an ability to pull simultaneously on all

Mr Pebereau's political alle-giances have in the past

Machiavellian; no one really knows whether he is a Social-

st, a Gaulfist or anything else.

But there is no question that

his carefully planned market raid on Société Générale and, through the privatised hank,

on CGE, has enjoyed the unstated support of Mr Pierre

Bérégovoy, the Socialist Finance Minister.

neatly into the Socialist party's

strategy of dismantling the current Gaullist-dominated shareholding structures of the

Mr Pebereau is undoubtedly fighting his own battle. How-ever, his campaign on the Société Générale and CGE fits

emed opportunistic or even

the levers of power.

Fermenta bids for Independent **Finans**

FERMENTA, the Swedish levied on money market and antibiotics and chemicals options transactions from 1989 group, yesterday announced has already raised fears that plans to break into the finan-cial services sector with a kets may be held in check. SKr1.5bn (\$241.51m) bid for Independent Finans' main

ment, it is back on its feet and returned to profit with annual sales of SKr2.5bn last year.

Independent Finans has per cent of United Brokers, a mounced yesterday, Mobilia money market and stock brokerage, and reported profits before extraordinary items of stock. Ferments will these SKri44m on total revenues of interests in leasing, credit and corporate finance. It owns 75 SKr2.7bn in the financial year

Fermenta said it had decided to expand in the domestic market with a consumer-oriented business which would generate a cash flow in Sweden and help fund its existing industrial

However, a new tax to be unofficial list.

has already raised fears that

Independent Finans, Sweden's shareholder, with a 48 per cent largest listed finance company. stake, is Mobilia, a familyowned holding company which is also a major shareholder in Fermenta, once a glamour owned holding company which stock on the Stockholm bourse, is also a major shareholder in was delisted after a series of Esselte, the office equipment financial scandals. Following group. When Mobilia bought several changes of manage into Independent Finans in spring, the company's manage-ment walked out in protest. However, Mobilia said it intended to retain its interest

> tion of cash, convertible debentures and warrants which give Mobilia the right to take up to 20 per cent of the share capital

Fermenta plans to raise SKr580m with an issue directed at existing shareholders. Its shares trade near SKr5 on the

Elkem announces radical restructuring

By Karen Fossii in Oslo

Norwegian metals group, yes-terday announced a radical restructuring into three main divisions - magnesium, ferro-silicon/carbon, and selis-ium/materials - which will be responsible for their own production and marketing. Previously the company was

organised into two main divi-sions. Norway and North Mr Frederik Vogt Lorentzen, Elkem's new chief, said yesterday that the reorganisation was made to aid the company's

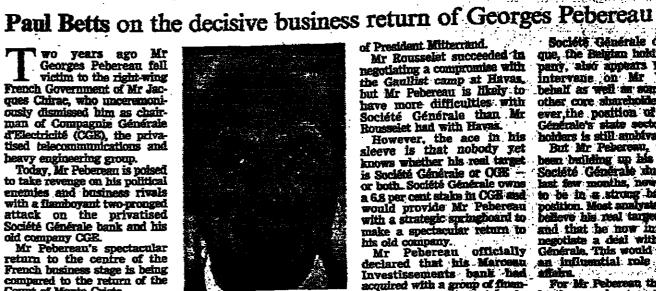
return to profits, to improve its competitive edge, and to better service its clients.

Last year Elkem was forced

ELKEM, the troubled to pass its dividend for the second year in a row because of heavy losses of NKrissm (\$23.3m). Subsequently, Mr Kaspar Kielland, Elkem's for-mer chief, was forced to step down following criticism of the group for expanding too strongly into the ferro-alloys

Domestic silicon metal production was nearly halved to 17,000 tonnes a year, and a refinery on the west coast of Nor-

way was closed. By last December Elkem had accumulated NKr5.4bn of debt. By the end of this year Elkem says its debt will be reduced by 30 per cent or some NKrl.5bn due to assets disposals.



Georges Pebereau: poised to take revenge on rivals

main privatised industrial and

financial groups.

The former Gaullist government used its privatisation programme to place its husiness supporters at the heart of the new hard core shareholding structures of the privatised groups. The Socialists, for their part, always made it clear they planned to break up these core shareholdings.

During the last five months, the Socialist government has replaced the channel of four state companies, and has just succeeded in modifying the line-up in the shareholding structure of Havas, the priva-tised media and advertising

This has been achieved by bringing together a new group of shareholders led by Mr Andre Rousselet, the chairman of the Canal Plus pay televi-sion network and a close friend

of President Mitterrand. Mr Rousselet succeeded in negotiating a compromise with the Gaullist camp at Havas. but Mr Pebereau is likely to have more difficulties with

Société Générale than Mr Rousselet had with Havas. However, the ace in his sleeve is that nobody Jet knows whether his real target is Société Générale or OGE or both. Société Générale owns

or both. Societe Generate owns
a 6.8 per cent stake in CGE and
would provide Mr Pebereau
with a strategic springhoant to
make a spectacular return to
his old company.

Mr Pebereau officially
declared that his Marcoan
Investissements bank had
accorded with a group of firmacquired with a group of finan-cial partners a 9.16 stake in Société Générale. But It is believed they have accumulated a holding of 15 to 20 per

Mr Pebereau said he had no invest in a stake in his Mar-ceau investissements group.

But Mr Marc Vienot, the to the banking business and chairman of Societé Générale, set up his Marcean investisse-clearly regards Mr Pebercan's ments investment banking intentions as aggressive and hostile. Indeed, Societé Générale said yesterday after a crisis. In had been building up Martender that his hittle board meeting that his initia-tive was not welcome.

increasing its current 29 per cent stake in Société Générale cent stake in Societé Générale set to provoke en earthquake in an effort to protect both the in the French privatised indusbank and itself.

Société Générale de Beigi-que, the Beigian holding com-pany, also appears ready to intervene on Mr Vienot's behalf as well as some of hisother core shareholders. However the position of Societé Générale's state sector share holders is still ambivalent.

holders is still ambivalent.

But Mr Pebergun, who has been building up his stake in Société Générale storing the last fess months, how appears to be in a strong barganing position. Most analysis in Paris believe his real target is CCE. and that he now intends to negotiate a deal with Sociate Generale. This would give him an influential role in CGS

For Mr Pebersan this would be the occasion to settle some old scores. He was deeply hurt by the former right-wing government when he was tismissed just after he had negotiated the landmark telecommunications deal with Mr Arankog of ITT, which gave CGE control of ITT's worldwide telecommunications. wide telecommunications

After a few months in the desert, Mr Pebersan returned to the banking business and set up his Marcom investings-ments investment hanking

oard meeting that his initia-ve was not welcome. Increasingly significant player Société Générale is now on the Paris business scene. expected to attempt to build up its defences by persuading its allies to increase their stake in the bank. CGE, for example, is understood to be considering ing life Hérégowoy's directour increasing its current 29 per de cabinet, he now seems all

Pirelli posts 32% rise

By Alen Friedman in Milan

PIRELLI, the Stallan tyre and cables company, yesterday unveiled a 32 per cent rise in its net profit for the first half of 1988 to \$196m.

The group profit, which takes in Pirell's operations in 16 countries, comes on the back of a 20 per cent increase in first half sales to \$3.3hn. This figure does not include turnover from Armstrong, the US tyre company acquired by

Pirelli said yesterday that while its revenues increased by 20 per cent in the first six months of the year, volume was up by only 10 per cent.

Pirelli recently amounced a major reorganisation of its shareholding structure, which includes companies in Italy and Switzeriand. It promises to publish its first consolidated belance sheet for 1988.

Dunlop India stake sold

By David Housego in New Delhi

DUNLOP INDIA, one of the gard. West Bengal plant.
country's largest tyre groups.
Under the agreement, the
has been brought under the Chastria family will purchase
full management control of the the Goenia group's 11 per cent.
Dubat-based Chhabris family stake to bring its own holdings
with the aumountement that up to absort 20 per cent. No
the Goenia group is selling its price was disclosed.
stake in the company.

The move follows a strong sum, also indicated that he profit increase by Dunlop India would like to purchase the 39.5 in the last financial year. But per cent stake in the company the company has been left by a held by Dunlop Rim and two month strike at its Shah. Wheels of the UK.

INTERNATIONAL APPOINTMENTS

The state of the s Johnson & Johnson restructures top tier

JOHNSON & JOHNSON has senier vice president and general manager of the New York transch.

The company has also named it is branch from his Tage Beneral manager, who is president and general manager, who is president and chairman of the executive committee.

Johnson & Johnson said the appointments bring a change in the management structure

senier vice president and general manager of the New York.

He will lake over as head of the wants over as head of the branch from his Tage Beneral is management and general manager of the New York.

He will lake over as head of the wants and general manager who is president and general manager of the New York.

He will lake over as head of the wants and general manager who is president and general manager of the New York.

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He will lake over as head of the wants and general manager of the branch.

He will lake over as head of the wants and general manager who is president and general manager.

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He will lake over as head of the wants and general manager who is president and general manager.

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He will lake over as head of the wants and general manager who is president and general manager.

appointments bring a change in the management structure of the company. As chairman and chief executive, Mr Larsen will also assume the post of chairman of the executive committee. The post of president will be eliminated.

Larsen, Campbell and Wilson are currently vice chair-men of the executive committee. Each also serves as chairman of one of Johnson & Johnson's three business sec-tors: Mr Larsen, consumer, Mr Campbell, professional; and Mr Wilson, pharmaceutical, while the latter two will continue as chairman of their business sec-

Mr Pierre Dupasquier, now a company group chairman, will become chairman of the consumer sector and a member of the executive committee. Mr Burke will become chairman of the strategic planning commit-tee and Mr Clare will become chairman of the finance com-

Both Mr Burke and Mr Clare. will stand for re-election to the board in 1989, although neither MR DAVID ROSIER has been will do so in 1990, when they

KORN/FERRY INTERNA.

KORN/FERRY INTERNA.

TIONAL, The executive search company, has appointed Mr previously deputy chairman of MRM and has been with MAM of a new international practices office in Geneva. The new office will co-ordinate global search through the company's MRM. London and other capital cen-

Mr McCarthy, 43, had since 1977 been a partner in the international practice of Russell Reynolds Associates. A finent speaker in Arabic, he founded that organization's search practice in the Middle East and for eight years directed it from London before moving to Switzerland.

MR PEDER KRAG, vice presi-

THE CHICAGO BOARD Options Exchange has appointed Ms Nancy Crossman first vice president and general counsel of the exchange. Ms Crossman, who had previously served as special counsel to the American Stock Exchange joined the CBOE in June 1987 as associate general counsel.

Her expertise lies in federal
and state regulatory mathas.

Prior to 1981, she was an
associate with the New York

law firm of Skadden, Arps. Slate, Meagher & Flom, where she specialised in mergers and acquisitions and represented corporate clients, issuers and underwriters of public offerings. Earlier she was an associate with Goston Snow Beekman & Bogue, of New York, working in corporate and secu-

CBGE directors also amounced the appointment of Ms Judith Deal as corporate SECTEDAY.

appointed chairman of Mer-cury Rowan Mullens (MRM). the private client and charities

J. P. MORGAN has appointed Mr Cotin Jelley as senior vice-president and senior risk con-trol manager at the bank's London office.

Mr Jelley joined Mergan Gasranty in London in 1955, working in the Foreign Exchange area. He was appointed vice president in 1972 and in 1980 moved to Mor-gan's Brussels office as the Head of Treasury. He was assigned to Murran Characty. assigned to Morgan Guaranty dent and general manager of Australia in Sydney as director the Copenhagen international and treasurer in charge of treasurer division of Provinsbanken, sury, foreign exchange and Denmark, has been appointed futures activities.

MIDLAND BANK plc Re: US \$750,000,000 This advertisement appears as a matter of record only US \$500,000,000 **Undated Floating Rate Primary Capital Notes**



600,000,000 Luxembourg Francs 7½% 1988-1993

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Société Anonyme

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Internal Revenue Service Form W-9, which includes his name, address, and United States taxpayer identification number. For the purposes of this notice, "United States" means the fifty states and the District of Columbia, and "United States person"

clear System or CEDEL S.A.

JR Sice 26 October, 1988 **Group Company Secretary**

United States or under the law of the United States or of any State or Territory, and an estate or a trust that is subject to United States

means an individual who is a citizen or resident of the United States, a corporation or partnership created or organised in the

federal income tax without regard to the source of its income.

and US \$300,000,000 Undated Floating Rate Primary Capital Notes (Series 3)

Under the federal income tax laws of the United States of . America, the interest payable with respect to the above-referenced Notes in definitive form is generally subject to information reporting requirements if paid to a payee who has an address within the United States (as defined below). However, these United States information reporting requirements do not currently apply in cases in which a payee is known to a Paying Agent as being a corporation or as being a person who is not a United States person (as defined below), and in such cases Coupons with respect to the Notes will

be honoured without inquiry or certification as to the identity of the

payee. In this context the Paying Agents are not currently required

to make any inquiry or demand any certification as to the identity of the owners of Coupons presented on behalf of either the Euro-

NOTICE IS HEREBY GIVEN that in all cases other than those

in which the payee is known to the Paying Agents as a corporation

or as a non-United States person, the Paying Agents will, pursuant

to Condition 6 of the Notes and before making payment, inquire as to the address of the payee and require each payee providing an address within the United States to complete a United States

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MANAGING DIRECTOR
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ing be and will the dec-

its flagship the Peninsula Hotel Mr Lo runs Regal Hotels Regal approach from humble beginnings John Elliott on the man behind the bold Hongkong Hotels bid

To bid for a company nearly 30 times the size of your takeover vehicle is audacious enough, even in the helter-skelter financial world of Hong Kong. Mr Lo Yuk Sui, a 44-year-old relative newcomer to the corporate hig time, has gone further in the past week by using his small Cathay City Investments to launch an offer for Hongkong

takeover battle by Mr Lo's small Cathay City Investments

for one of the colony's blue chip companies, which has as

and Shanghai Hotels.

The target group includes
Kowloon's elegant Peninsula.
Hotel, a cherished possession
of Lord Kadoorie, who at 89 is one of the colony's most senior

figures.
The predator, usually known as Y.S. Lo, first hit the headlines four years ago. Then, with the belp of Mr Bill Wyllie, an Australian financier who has substantial interests in Hong Kong and a reputation as a company doctor, he wrested. control of two companies, Regal Hotels and Paliburg Investments, from Great Eagle a group controlled by his father. Mr Lo Ying-shek, and his elder further, Mr K.S. Lo. Regal would run Hongkong Hotels if the bld succeeded in spent more than HK\$100m (US\$12.8m) fighting off a bid 18

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months ago. Regal runs three successful hotels in Hong Kong, including the Regal Meridian and Airport, and it has recently mush-roomed in size by buying con-trolling interests in the Toronto Constellation and in Airca Companies, which manages and in some cases part-owns 130 US hotels. Mr Lo says this makes him about the 20th largest hotelier in the world.

The family battle gave him a

MR LO Yuk Sui, a Hong Kong which owns Hong Kong properentrepreneur, yesterday tried to speed up the progress of the bld he has launched for Hong-kong and Shanghai Hotels by ties and overseas investments including Aircos Companies, a US hotel management concern. He is believed to have made the bid because he needs at least 96 per cent of the commaking an offer for the 31.2 per cent stake owned by the con-trolling Kadoorie family. The bid is HK\$6.80 a share in cash. The Kadoorie family rejected-the offer and it is through the pany's equity if he is to be free to restructure its operations. the ofter, and it is thought that this could spell the beginning of the end of the week-long

That would require buying out the Kadoories plus support-ers, which include the pension fund of China Light and Power, the utility which the family controls, Together the Kadoories can probably rely on support from shareholders accounting for 45 per cent or

reputation for ruthlessness, which draws mixed reactions

in a society where family bonds are respected but busi-ness acumen is admired. He

prefers not to discuss the affair

today, "It was all very unfortunate and a painful decision, but I did what was best for the companies which I had built

up," he says.

The question of whether he would do it again gets an only

slightly evasive snawer: "I am now a very happy man that I have a very simple, direct deci-sion process to run."

People who know Mr Lo

recognise in that last remark the painstaking, cautious but tough businessman and negoti-

ator they respect and like working with. "He is a good, careful administrator who does his homework well," says Mr Wyllie. "He does not rush into acquisitions just to be seen to grow. And I think he is the best hotel man in Hong Kong. his track record is smerth."

Bankers who have worked with him in the past say he knows how to work his assets

hard, but is not an asset strip-per as the Kadoorie side argues. "He hates selling

assets," according to one. Others say he does not seek public-

ity, despite the flashy image he

depicts by loyally wearing out-rageously bright striped ties purchased for him by his wife,

and by sporting intricately embroidered white breast-

pocket handkerchiefs in his

architect. When asked what motivates him, he draws an

analogy about a designer's sat-isfaction after he has solved

the numerous complex prob-

continued with the acquisition

of a foundry company.

Net earnings increased to

37.5 cents a share from 29.9

cents and the year's dividend has been lifted to 12.5 cents

Fujitsu profits increase 152%

By Stefan Wagstyl in Tokyo

FUJITSU, the Japanese

electronics group, increased interim pre-tax profits by 152

per cent to Y47bn (\$371m), ben-

efiting from a surge in demand for communications equipment

Total parent company sales in the six months to the end of

September were 18.6 per cent higher at Y923bn. Sales rose by 11.6 per cent in the mainstream

computer division, by 37.8 per cent in communications equip-

ment and 34.9 per cent in semi-

conductors. Exports were up 27.5 per cent.

Analysts expect the com-

continuing high demand for

semiconductors around the world and, in its communica-

tions division, from strong orders from Nippon Telegraph and Telephone, the Japanese utility, which is buying digital exchanges.

and for microchips.

from 6.5 cents.

his track record is superb."

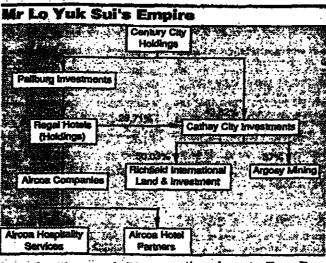
cent is proving difficult to trace, which means that Mr Lo would have to buy almost all the other shares in order to force the Kadoories into a posi-tion where they might back

Lo bids for Kadoorie stake in hotel group

For this reason Mr Lo decided to change tack from his general offer, of HK\$4.80 in cash plus a Cathay City share valued at HK\$1.50, and present the Kadoorie family with a fig-ure which he thought would be well received by financial observers. On Monday the Radoories countered Mr Lo's certier moves with a HK\$5.80 cash offer for the rest of Hong-kong Hotels.

Mr Lo's offer to the Kadoor les was seen as a cheaper route to a conclusion than making the HKR 80 cash offer generally available, which could have led to a considerable financial outlay without a

guaranteed success. Cathay City has bought only about 1.2 per cent of Hongkong Hotels. Cathay City said last night that, after the Kadoorie's rejecthat, after the Kadoorie's rejection of the HK\$6.80 bid, its earlier cash and shares offer valued at HK\$6.30 remained unchanged. Now Mr Lo has to decide whether to admit defeat or to go the potentially expensive route of making his new cash offer general.



ons of putting up a building. money. It's the personal achievement of making things happen that matters - that's the reward like being an architect and making complex things come together and work. Sometimes, he adds, you move shead of schedule and get compound growth -that is very exciting; that's the

The Lo family, which includes two other brothers with separate but smaller business empires, comes from the tough and poor Chaoshou district in the eastern end of Guangdong province which is adjacent to Hong Kong. Among others, the area also produced Mr Li Kashing, perhaps Hong Kong's most powerful entreprenear, and the more controver-sial Lau brothers, who led last year's raid in Hongkong Hotels. It is a region whose people are often feared and who include some alleged

Triad gang leaders. Mr Lo recognises the reputa-tion but points out that be was-born in Hong Kong and prefers to stress his faith in the future of the colony even after it has passed back to Chinese sover-eignty in 1997. Bankers who know him say he is the "sort of Chinese entreprenedr who will be around and big after 1997," and Mr Lo himself says: "I am confident of the future. China

geting closer to Hong Kong. My headquarters will always be here." He has yet to make any significant investment in

China, however. His policy is that 25 per cent of his group's assets should be abroad and 75 per cent in Hong Kong. "We are on an expansion plan having come to stage two of our growth. For the past few years we have been consolidat-ing," Mr Lo says. That expansion has included

restructuring Regal and Pali-burg so that they are successive subsidiaries of an umbrella company, Century City Holdings, and are linked with the small Cathay City Investments which made the bid. Mr Lo's recognised skill is in interlinking the companies so that cash flows quickly where it is needed.

Cathay City launched the bid from its tiny capitalisation base of about HK\$165m. Hong-kong Hotels' capitalisation when the battle started was about HK\$4.75bn, though Cathay was supported by Regal, capitalised at

Mr Lo has now virtually split with Mr Wyllie who is more of a trader in companies, always moving on to new ventures. Mr Wyllie still has a sent on the Regal board. Mr Lo says they have "mutual respect" but "because of our size we have a builder. I want to make things grow and grow." will need Hong Kong and is

Will a new face in the White House put a new complexion on world markets?

Next month, US voters go to the polls to choose their next President. President Bush? Or President Dukakis?

In either case, the implications for financial markets - and investors - could be very substantial.

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rudenda	Securities	
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International Subsidiaries and Affiliates in: Amsterdam, Antwerp, Athens, Brussels, Buenos Aires, Chiasso,

Fenner lifts earnings

By Jim Jones

by the UK's J.H. Fenner, lifted turnover and earnings by a quarter in its first full year on the Johannesburg Stock

Wells Fargo

& Company

£60,000,000

Floating Rate

Subordinated Notes

due January 1994

In accordance with the rovisions of the Notes, notice is bereby given that for the

Interest period
Zith October, 1988 to
Zith January, 1989
the Notes will carry an Interest
Rate of 12%% per ausum.

Interest payable on the relevan

interest payment date 26th January, 1989 will amount to £155.96 per £5,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York

Kohler turnover up 42% By Jim Jones in Johannesburg

KOHLER, the South African packaging manufacturer, bene-fited from buoyant consumer spending in the year to August

gain. Pre-tax profit increased to R49.5m from R25.7m. The

R775m (\$314.2m) though the directors say acquisitions accounted for 20 per cent of the director mining house.

U.S. \$100.000.000

National Westminster Finance B.V.

Guaranteed Floating Rate Capital Notes 1992 In accordance with the provisions of the Notes, notice is hereby given, that for the six months interest Period from October 27, 1988

to April 27, 1989 the Notes will carry an interest Falls of 8%% per annum. The interest psyable on the relevent interest payment date, April 27, 1989 against Coupon No. 17 will be U.S. \$225.92.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

Prudential-Bache Securities (UK) Inc^o 5 Burlington Gardens, London WIX ILE England Fac: 441 437 9110 Tel: 441 439 4191

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Collateralized Mortgage Obligations Series 1986-1

For the period 25th October, 1988 to 25th November, 1988 the Bonds will carry an interest rate of 8.825% per annua with an Interest amount of U.S. \$211.76 per U.S. \$50,000 (the original Principal Amount) Bond, payable on 25th November, 1988. The Principal Amount of the Bonds outstanding is expected to be 55.732424% the original Principal Amount of the Bonds, or U.S. \$27,866.21 per Bond until the Twenty Third Payment Date.

Bankers Trust Company, London

FENNER GROUP, half owned. floated in April last year. Diversification away from conveyor belts and power transmission equipment has

Exchange.
Turnover rose to R131.7m

(\$53.4m) in the year to August from R104.6m while pre-tax profit increased to R13.6m from R10.2m. The company was

and expects further trading improvements in the current

Turnover rose 42 per cent to

company has rationalised its rigid plastics division. Net earnings were 250.

cents a share against 183.9 cents and the dividend has been raised to 90 cents from 40 cents. Kohler is controlled by Malbak, the industrial arm of

The Financial Times proposes to publish a Survey on the above on

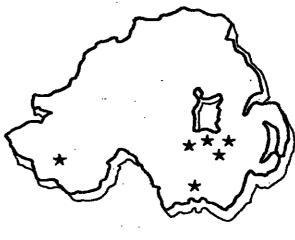
Wednesday, 30th November 1988

For a full editorial synopsis and advertisement details, please contact:

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FINANCIAL TIMES



Who exports N.I. produce to England, Europe, North

Africa, the Middle East and Who has 6 plants in N.I.

involved in

beef processing

- functional proteins — by-product processing

— cold storage? Who is committed to N.I. and the continued



Anglo Beef Processors is part of AIBP, Europe's largest beef processor and exporter

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(Head Office: Goodman International, Louth, Republic of Ireland).



Tokyo Pacific Holdings (Seaboard) N.V.

on 24/10 was US 160.03 Listed on the Amsterdam Srock Exchange

Information: Pierron, Heldring & Pierron NV.

SCOTLAND The Financial Times proposes to publish this survey on: 9th December 1988

37, George Street, Edinburgh, EH2 2HN

FINANCIAL TIMES

VENTURE CAPITAL

Tim Davis

This announcement appears as a matter of record only.



The Republic of Indonesia

DM 300,000,000 6%% Deutsche Mark Bearer Bonds of 1988/1993

Issue Price: 100% - Interest: 6 %% p.a., payable annually in arrears on October 27 - Redemption: on October 27, 1993 at par - Denominations DM 1,000 and DM 5,000 - Security: Negative Pledge Undertaking - Listing: Frankfurt Stock Exchange

COMMERZBANK AKTIENCESELLSCHAFT

ARAB BANKING CORPORATION --DAUS & CO. GMBH

BANQUE NATIONALE DE PARIS S.A. & CO. (DEUTSCHLAND) OHG

BANQUE PARIBAS CAPITAL MARKETS GMBH

October 27, 1988

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BAYERISCHE VEREINSBANK BAYERISCHE LANDESBANK GIROZENTRALE

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Financial advisers to the Republic of Indonesia

S.G. WARBURG & CO. LTD.

Republic National Bank of New York

A subsidiary of REPUBLIC NEW YORK CORPORATION **Consolidated Statements of Condition**

	Septemi	per 30,	Lishilities and	Septem	ber 30,
Assets	1988	1987	Stockholder's Equity	1988	1987
Cash and due			Non-interest bearing deposits:		
from banks	S 344,028	\$ 252,468	In domestic offices	\$ 662,004	\$ 531,95
nterest bearing deposits	- 1		In foreign offices	- 205,618	100,00
with banks	8,419,757	7,114,834	Interest bearing deposits:		
Precious metals .	98.326	52,489	In domestic offices	4,887,177	4,076,47
rivestment securities	3,509,508	2,978,143	in toreign offices	8.836,593	7,574,04
frading account assets	193.675	251,841	_	14,591,392	12,382,48
		_	Total deposits Short-term borrowings	357,590	681.15
Federal funds sold	1 1				
and securities	1		Acceptances outstanding	2,007,797	2,248,99
purchased under	1		Accrued interest payable	220,890	145,01
resale agreements	1,176,251	439,623	Other liabilities	420,918	413,48
-	'	-	Long-term debt_	1,594,841	650,18
Loans, net of unearmed	i . i		Stockholder's Equity:	1 1	
income	4,119,358	4,047,590	Cumulative preferred stock,	: 1	
Allowance for possible	1		\$100 par value: 1,000,000	1	
ican losses	(167,784)	(212,455)	shares outstanding	100,000	100,00
Loans (net)	3,951,574	3,835,135	Common stock, \$100 par	1 1	
	0,00.,0.7	4,000,00	value: 4,800,000 shares	i I	
	1 1		authorized; 3,550,000	! I	
Customers' liability on	!		shares outstanding	355,000	355,00
acceptances	2,006,135	2,243,341	Surplus	860,000	845,000
Premises and equipment	349,882	323,884	Retained earnings	305,922	307,600
Accrued interest receivable	317,127	229,452	Total stockholder's equity	1,621,922	1,607,600
Other assets	449,087	407,716	Total liabilities and		
Total assets	\$20,815,350	\$18,128,926	stockholder's equity	\$20,815,350	\$18,128,92
			Letters of credit outstanding	\$ 1,221,228	\$ 1,167,68
Th	e portion of the inv	estment in precious	metals not hedged by forward sak	S W2S	
	\$5.2 millio	s and \$15.2 million i	in 1988 and 1987, respectively.		

REPUBLIC NEW YORK CORPORATION Nine Months Ended Three Months Ended Summary of Resums (in Thousands Except Per Share Data) 1988 Income before extraordinary item \$ 42,335 \$ 42,335 Cash dividends declared on common stock Per common share: Income before extraordinary item 3.52 3.52 .90 29,932 \$ 1.30 \$ 1.30 \$.29 29,804 Net income (loss) Cash dividends declared 29,544 Average common shares outstanding 30,030 *Results reflect a special provision for loan losses of \$100 million and losses of approximately on marking to market or sales of certain outstandings in lesser developed countries. aly \$64 million

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Collateralized Floating Rate Notes Due 1992

Interest Period

813/16% per annum 27th October 1988

27th January 1989

Interest Amount per

U.S. \$100,000 Note due 27th January 1989 U.S. \$2,252.08

Credit Suisse First Boston Limited

Agent Bank

INTERNATIONAL CAPITAL MARKETS

NatWest reopens undated sector

By Dominique Jackson

NATIONAL WESTMINSTER Bank reopened the primary market for undated capital issues yesterday with a parpriced perpetual issue of variable rate notes via Merrill Lynch International.

The issue was increased not long after launch to a final total of \$350m, from the original \$250m amount initially indicated, due to high demand from a broad spectrum of

Elsewhere, in the market. activity was subdued ahead of the US gross national product data. Dollar-denominated bond prices received an initial filip on the news of a lower than expected rise in third-quarter GNP but gains were limited in low volumes while sentiment in the corporate sector of the market continued to be

effected by credit concerns. The NatWest VRN issue marked the first time that the perpetual structure has been ssfully used since a crisis of liquidity and confidence in the perpetual sector of the floating-rate note market brought activity to a virtual halt early last year. It was the first public issue of undated variable rate notes and the first issue of undated subordings to the first issue of undated subordings. nated capital for NatWest since 1985. The issue will qualify as secondary capital under Bank of England rules.

The perpetual FRN crisis

US DOLLARS

D-MARKS

Aegon

PK-Banken/b)

Deft to the 7th 9

LA.D.B. 6 97.
Japan Dev. Bk. 53₈ 95.
Japan Finance 53₈ 97.
Ireland 6 1₉ 97.
Korteo Dev BK 65₈ 93.
Malaysia 6 1₈ 94.
Mat. West BK. PLC 6 98.
Mayon Teig. & Tel. 6 95.
Oesters. Konthk. 5 93.
Portugal 5 1₈ 92.
Pringal 5 1₈ 92.
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African Dev. Bk. 596

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Credit Lyonnais 44, 00. E.i.B 44, 98..... Fletcher Chail. 47, 98...

Nat. Westminster(d) BIG Finance Co.

AUSTRALIAN DOLLARS

Republic of Turkey

Barclays Aust.(Fin)(c)◆ IBM Australia Gredit(e)◆

SWISS FRANCE Daild Aluminium Ind.(a)**

undermined liquidity and sentiment in the floater market as a whole and effectively closed the market to borrowers in the early part of last year. How-ever, Merrill Lynch said the structure of the variable rate notes, which has reportedly proved very popular with investors in the handful of issues which have emerged 50 far this year, had enabled the borrower to issue this particular type of capital for the first time in more than two years. Investors in yesterday's issue were apparently adequately compensated for any misgiv-ings they might have had about the undated feature by the generous pricing of the

The interest rate payable on the notes will be set quarterly in advance at a margin over the London interbank offered rate. For the initial threemonth period, the margin will be 0.50 per cent per annum. Subsequent margins will be set by agreement between Nat-West and Merrill Lynch in accordance with the now well establised variable rate note

NatWest's similar outstand-ing undated subordinated debt is rated AA by Standard & Poor's and As2 by Moody's. In the event that a margin cannot be agreed for any interest period, noteholders will receive an interest rate of Libor plus

NEW INTERNATIONAL BOND ISSUES

. 200

(100)

1014

101% **Private placement. Convertible, &Float terms, indicated put option: a)\$1/3614 at 1067g to yield 3.978 b)Redemption linked to Yen/USS exchange rate, c)Fungible with A\$100m deal subscribed Sept. 1988.

FT INTERNATIONAL BOND SERVICE

2005

1993

1991

1995

FLBATING RATE
NOTES
ARIBADE & Leic, Bid 94 £
Belgiam 91, US
Belgiam 91, US
Belgiam 92, US
Citicory 98, US
EEG 3 92 DM
Halifax, BS 94 £
Leick Perus, B/S, 94 £
Leick Perus, B/S, 94 £
Middand Bank 01, E
Mik Mik, Brd, 593 £
New Zealand 5 97 £
New Zealand 5 97 £
New Zealand 5 97 £
New Zealand 5 98 US
Woolwich Equit, BS, 93 £
Woolwich Equit, BS, 93 £
Woolwich Equit, BS, 93 £

Average prior char
CONVENTIBLE
BONDOS
Alcoa 6½ CZ US
Alco Health 6½ CI US
Anter, Branch 7½ CZ US
Alcoa 5 CZ US
Fightsu 3 99 US
CBS. Ioc. 5 CZ US
Fightsu 3 99 US
Land Secs. 6½ CZ E
MInoPia Carrera 2½ 94 DM
Mitsubisti 8k. 1½ CZ US
MinoPia Carrera 2½ 94 DM
Mitsubisti 8k. 1½ CZ US
MinoPia Carrera 2½ 94 DM
Mitsubisti 8k. 1½ CZ US
MinoPia Carrera 2½ 04 US
Rett Pic 5½ CZ US
Carrera 5½ CZ US
Sands Hobel 6¼ CB E
Sandshi ESchi 6¼ CD E
Sandshi

FLOATING RATE _

. **6**2

(2)

7**%**

divariable rate notes. Quarterly in advance over Libor - tirat three months 60kp over 8th Libor, with ASSOm launched earlier this month.

300

50

200

Listed are the latest international books for which there is an adequate

| Champs on | Transport | Tran

Charge or Season Season

1.10 per cent per annum for the first 10 years and Libor plus 1.60 per cent per annum there-after. The pitching of these fall-back rates at real market levels was cited as a further encouragement to investors, many of whom were attracted to the guaranteed liquidity offered by the VRN structure. Elsewhere in the market,

INTERNATIONAL BONDS

SBCI brought Dutch insurer Aegon to the Ecu mariet with a three-year Eculion deal, designed to take advantage of the borrower's excellent profile with restell treastory to the with retail investors in the Benefitz countries, while the lead manager was expected to ensure successful placement with Swiss-based accounts. The issue was boosted by a firm tone to secondary prices of Ecu, bonds which ended between % and % point Thiner, boosted partly by the initial reaction to the US GNP data by the max-

het in general. In the Australian dollar sector, two further deals emerged, both of which were fungible with issues launched earlier this year and were in response to investor demand. BZW added a forther ASSen to its lesus for Barciays Anstralia,

Merris Lynch Nato Secs. (Edrope)

nia BZW 15g/1 Westpac Building

n'a Handelebenk NetWest

24/12 Dreeding Bank

13/3 SBC

17/14 Noment Int.

which was carlier upped to A\$100m from an initial A\$50m. Westpac added a further A\$50m to the A\$50m deal it did for HM recently. The second ary Euro-Australian dollarmarket recovered somewhat yesterday, buoyed by removed strength in the currency fol-lowing a fall on hearish infla-

tion data earlier this week.

Dreadner Bank have er Back brought the Republic of Turkey with a DM300m seven-year issue which suffered somewise following unsubstantiated reports that Venezuela was about to tap the market on considerably more generous terms. Turkish officials said they were also omecats had they were also undertaking a Yithin private placement in Tokyn, for which Yamaichi has been selected as lead insuager. The deal is for eight years with a compose of

LTCB in UK joint venture

By Stoken Wagetyi in Tokyo

LONG-TERM Credit Besit, one of Japan's backing banks, and Poreign & Colonial Manage-Foreign & Colonial Manage-ment, the UK hyvetinism man-agement company, are to set up a joint investment advisory

company in London.
The company, called 1/1/18 and PdC investment Management, will manage assets out-

rate and implicational clients of the Tokyo bank.

The various is the latest of a number of the upa between large legisles from the latest of the upa between large legisles from the Glasgow-based lineary Johnstone, forecastable, set up a renture two years ago with Tanasicki Securities.

LTCB already has a link with Miller, Anderson und Sharrand, a DS hirestniant advisory stimpeny. F&G last year distant of Tokyo-hased repture with Mallouni Securities, a birthways of the Mallouni industrial

Januaries Institutions are conscious of the fact that despite their large sten, they are relatively inexperienced investigate in international markets, especially in equities.

The various will be sweet the parties of the parties of the parties of the parties. Cooking prices on Scatter 26
Consist on Cons

has total famile maker manage-ment of some 23.2hs (\$2.85bs). The new unit would seek the College from the College for the c foreign subsidiaries of Japanese companies which had pension funds to infelling and surplus capital to invest out side their percents home metals would complement National and Foreign Securities, the existing venture which was geared to Japanese resident investors and had worked giving figures.

Bankers in Tokyo said LTCE hopes to actitive kinswise.

international asset member in ment, while F&C is expected to use the venture as a further use the veniure as a further stepping stone for a possible future entry into the Japanese pension market. Competitive pension fund management has only recently began to develop in Japan, following moves to liberalise the industry by the Ministry of Process. Japanese Ministry of Finance. Ja trust banks currently

nate the market.

The deal is expected to be signed before the end of distinction will begin in late November.

LYCE, the second largest long-term credit bank after. Industrial Bank of Japan, we founded in the early years Japan's post-war accountable recovery and specialized at long-term loans to industry. As Japanese companies have built up rapital and reduced debt so the long-term credit banks have been trying to develop new markets, espe-cially in securities.

LTCB in the year to March made pre-tax profits of Y113im (\$891.9m). Its assets totalled Y22,688bn.

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ENERGY EFFICIENCY

or write to her at: Bracker House 10 Ostmon Street London

FINANCIAL TIMES

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EVERGI ENTE

Dominique Jackson on the outlook for the Paris financial marketsafter today's release of critical data

Dominique Jackson on the outlook for the Paris financial marketsafter today's release of critical data

Description of the Some support from today's the data.

Prench franc within the trade figures, which are unit to parish the parity will be maintained find managers are current to have been which is expected by the parity will be maintained much beyond the new year," playing with huge amounts cash, much of which is exp

Prench franc within the European Monetary System and concomitant worrise that the authorities will be forced to raise interest rates in defence have dogged the usu-ally ebullient French bond

market lately. Today's September trade report will provide a key to short-term sentiment and per-formance and indiging by the French bond market's resil-ience so far this week, a size-able correction to August's shock FFr9bn (\$1.47bn) deficit

is expected.

However, in spite of the clear consensus on both sides of the French political spectrum against devaluation of the franc, economic factors, includ-ing the widening Franco Ger-man trade imbalance and the continued strangth of the D.Mark, mean that EMS ten-sions are unlikely to diminish in the longer run – a situation which will continue to limit returns in the French bond market, particularly at the

some support from today's trade figures, which are universally expected to be mark-city better than those for August which are now regarded as an aberation.
According to Mr Giles Kesting of Credit Suisse First Boston, the distortion in the August figures was largely attributable. to a jump in raw material imports, a factor which he said signals that French industry is gearing itself up for an expansionary phase and is an expense which will eventually

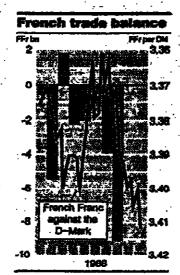
be translated into production.
The bond market reacted favourably when the Bank of France left rates unchanged in its latest securities reparchase tender on Tuesday, a sign that the Government is confident of an improvement in today's trade figures. Better than expected unemployment data and the successful passage of the first stage of the 1989 budget through parliament also buoyed market sentiment. French bond prices firmed by an average of around 40 basis shorter end.

The currency could receive points yesterday in fairly active trading shead of

However, positive trade fig-ures appear to have been virtu-ally discounted in the smallscale rally seen in the bond market so far this week and a deficit at the top end of what is a wide range of forecasts, say FFr5hm to FFr6hn, could prompt a wave of nervous sell-ing. While the bond market appears to have taken an optimistic view, this has not been
reflected quits as strongly by
the foreign exchange markets
and as far as SMS pressures
go, the franc is far from out of
woods," said Mr George Mag-

woons, san ar seons mag-nus of Warburg.

The Socialist coalition has reiterated its commitment to its "franc fort" policy and Mr Pierre Bersgovoy, the Finance Minister, did not hesitate in lifting the key intervention rate to 7% per cent from 7 per cent earlier this month. How-ever, many analysts feel that the Government's interest rate policy should be more aggres-sive if it is to be successful in maintaining the franc's parity against the D-Mark and avo an EMS realisament in the



abort term. "Even if the Government rides out the current pressures, which are being exacerbated by a wave of public sector strices protesting at its continsaid Mr Mark Cliffe of Nomura

Yet this might not necessarily augur badly for the bond market – depending on the extent of the franc's devaluation. Predictions on this vary from as little as 3 per cent to as high as 10 per cent. However, according to Mr Cliffe, a ralatively minor currency loss would probably be outweighed by the rally in the bond market which would follow. As the realignment would greatly reduce near-term currency risks facing the franc, it would entice fresh capital flows into the market and help to bring yields down.
For the time being, the deter-

mination of the Government to resist EMS realignment means that short-term interest rates will continue under pressure. However, this is not the case at the longer end of the yield curve where high real interest rates, reduced currency risk and the high levels of domestic

as the foreign buyers which

supported the market earlier in

the year have moved to the

ing tone a positive supply-de-mand outlook, relatively high interest rates, when compared with the rest of Europe, and a falling inflation rate in the face

The benchmark bond issue

of a shrinking economy.

Dealers cited for the improv-

scope to fall further. French fund managers are currently playing with huge amounts of cash, much of which is expected to find its way into the hond market and this looks likely to continue with around FPr20bn of coupon payments due every mouth until the end of the year.

James Capel is among the houses forecasting a further flattening of the yield curve and even an inversion during the period immediately prior to an EMS realignment next year. Even with a devaluation of as much as 10 per cent, holders of longer dated French bonds should still see a higher total return in francs than in D-Marks. This would be the case at the 10-year maturity while at the longest end of the market, the 24-year area of the curve is looking even more

These bonds might be expected to attract renewed interest from several UK-based inves-tors as the tightness of supply at similar maturities in the gilt market becomes increasingly

Sunyou group arranges HK\$2bn facility

By Our Financial Staff SUNYOU Intercontinental, the

Hong Kong property development group which specialises in offices and hotels, announced yesterday that it

announcest yesterday that it had arranged a 10-year HK\$2hn (US\$256m) facility.

The facility is the largest property-related financing ever raised in Hong Kong. It will be used largely to repay existing dalate.

Sunyou will use HK\$1hn to pay off an existing loan to Standard Chartered Bank and Mitsul Trust & Banking Company, the two banks organising the financing. The remainder of the borrowing comprises HK\$300m for additional construction costs, HK\$260m to repay part of an other loan and a standby credit of HK\$440m. Standard Chartered Asia, the

merchant-banking unit of Standard Chartered Bank, did not disclose interest terms. The financing will be syndicated among other banks operating in the colony. Sunyou is part of the Japanese group, Sun's Enterprises.

Grupo Visa sees return to profit

Richard Johns on a Mexican brewer's debt package

I Eugenio Garza
Lagnera, the heavyjowled chairman of
Grupo Visa, the Mexican brewing group, had every reason to
look pleased at the signing ceremony on Monday that concluded over 15 months of negotiations and wined \$1.3bn of tiations and wiped \$1.3bn of foreign liabilities from the

Now with 10 years to repay foreign borrowings of about \$570m, Grupo Visa can once again start to think about expanding its business. It is already looking looking for-ward to a return to profits in 1989 after six years without paying a dividend.

In 1987 Grupo Visa achieved sales of 1,379bn pesos (around \$1.50n at average exchange rates) and an operating profit of 129bn pesos. At the very least it can be said that the company's problems have had nothing to do with the product at the core of its business.

The decision of the Master Brewers Association of the Americas to hold its 1990 international convention at the Cerverceria Cuauthemoc is a recognition of the quality of the group's beers and their suc-cessful penetration of the US market. From 1982 to 1987 exports across Mexico's northern border grew by 20 per cent a year compound and Grupo Visa's Corona brand established itself as the second best selling foreign beer in the US after Heineken. US sales in

1987 were \$80m. Yet with a decline in real incomes parching Mexican throats the company has had a struggle in its home market, where consumption last year finally recovered to 1981 levels. Grupo Visa has had to slug out

a fierce price war with its main local rival, Modelo Cerverceria. Grupo Visa's acquisition of Grupo Cermoc's Moctezuma brewing business in 1985 far from easing its problems com-pounded them, in the opinion of analysts here. The two companies which once had about one-third of the market each have seen their joint share fall

to about one-half. It is now almost two years since Valores Industriales, the holding company of the Garza Laguera family which controls Grupo Visa, informed its creditors that it was no longer able to service debts. In June 1987 Grupo Visa presented a global restructuring proposal to creditors. It will effectively reduce the fam-ity stake in the brewing, soft drinks and packaging interests of Grupo Visa to about 55 per cent. Local minority shareholders will own about 5 per cent with the balance in the hands of new investors and creditors. The package, assembled by the International Finance Corporation arm of the World Bank, is an immensely com-plex one and only made possi-ble by the huge discount at which the Grupo Visa debt has changed hands on the secondary market. Nevertheless, con-clusion of the debt deal is seen locally as a vote of confidence in Grupo Visa's potential management by creditor banks, quite apart from the IFC, Citi-corp Investment Bank and Nafinsa, the state development

These banks are taking an equity position in the enlarged Fomento Economico Mexicano, hitherto a subsidiary of Grupo Visa but under the deal to be floated as a separately listed company Creditor banks have had the

choice of cashing in debt titles or remaining as investors. Fif-teen of Fomento's 45 creditors - with the three largest having become so through secondary market purchases - will be taking equity in the restruc-tured core business. Bank of America, chairman

of the creditors' steering committee, is taking up 10m of the 550m shares, calculating that the market value of the company will be \$600m-700m. Mr Christopher Hartley, a vice-pressident, estimates that each dollar of debt is now worth 44 cents to 45 cents and that on conservative calculations it should be possible to recover 80 cents within three years. Grupo Visa has rationalised

and cut manpower by 20 per cent. It has disposed of its Hyatt Regency hotels and its 60 per cent of Carplastic, a joint venture with Ford making components for the US motor industry. It will now be able to concentrate, without a crip-pling debt burden, on the business it knows best.

Y Stelan Walling US Treasuries improve after mixed GNP data

By Janet Bush in New York and Stephen Fidler in London

US TREASURY bonds initially reacted positively to yester-day's third-quarter gross national product figures, rising by ss much as % point at the longer and of the market as traders were encouraged by much slower economic growth than anticipated.

The 22 per cent rise in GNP was below the consensus furecast of a 32 per cent gain.
By midsession, though the market had lost most of its early gains as traders re-evalu-ated the release in more detail and prices fell back to stand only around & point higher. The long bond was quoted & point up for a yield of 8.91 per

The components of the third-quarter figure were not particularly favourable for bonds. First, two major sources of weakness came from what appears to be a one-off decline in farm inventories and from a fall in defence spending. The Administration estimated that the drought had taken 0.6 per cent off overall growth. Secondly, personal consumption was a stressonal consumption. tion was a strong component of

In addition, a 44 per cent rise in the implicit price defiator and a 4.9 per cent increase in the fixed-weight index appeared to confirm that inflation is running at between 4 per cent and 5 per cent.

Another worrying factor for bonds was the sharp fall in the dollar after yesterday's figures.

GOVERNMENT BONDS

There has been increasing talk about the vulnerability of the dollar and this is likely to be further fuelled by yesterday's news that the US trade deficit actually widened in the third quarter.

TORYO suffered a volatile day's trading. Yields fell after the Bank of Japan allowed a i-point fall in one-month and two-month commercial bill rates, further reinforcing the belief that an easing in mon-tary conditions was under way. The yield on the benchmark No 106 bond slipped to a low of 4.59 per cent, before rising in late Tokyo trading, amid remours that Emperor Hirob-ito had died, to 4.70 per cent. A subsequent palace denial elped to calm the market and it closed in London at 4.65 per cent, 3 besis point up on Tues-day's close.

THE BUNDESBANK injected DMIIbn in liquidity into the banking system through 28-day variable rate repurchase agreements at a rate of 4.35 to 4.75 per cent. Some DM12bn was being drained through matur-ing agreements, but investors were encouraged in their belief that the central bank was edging towards easier monetary conditions by Tuesday's announcement that the redis-count quota — the amount available to banks to borrow at the discount rate - would be expanded by 10 per cent, or

DM5hn. Government bonds started 5 to 10 plennigs higher, weakening somewhat after the announcement of the repurmodestly again after the publi-cation of US GNP data, and was supported by the strength of the D-Mark against the dol-

THE DANISH bond markets continued to break new ground, with yields falling to levels not seen since the sum-mer of 1986. Most of the recent rally has apparently been on

BENCHMARK GOVERNMENT BONDS								
	Coupon	Red Date	Price	Change	Yield	Week age	Month	
UK GELTS	13.500	9/92	110-16	-5/32	10,16	9.90	10.36	
	8.750	9/97	94-21	-1/32	9,66	9.55	9.97	
	9.000	10/08	99-22	+4/82	9,03	8.95	9.27	
US TREASURY	9.250	8/98	102-31	+7/32	8.79	8.75	8.99	
	9.125	5/18	102-08	+9/32	6,91	8.85	9.08	
JAPAH No 105		12/97	102 2482	-0.198	4.65	4.69	5.07	
No 2		5/07	107.1201	+0.102	4.95	5.01	5.30	
GERMANY	6.500	5/98	101.2500	+0.275	6.34	6.36	6.61	
FRANCE BYAN	9.000	7/93	101,7753	+0.248	8.50	8.53	8.50	
CAT	6.500	6/97	99,3500		8.59	8.66	8.72	

12.500 1/98 103.1973 +0,253 11,90 11,77 11,94 London closing, "denotes New York morning session

Yiekta: Local market standard

Prices: US, UK in \$2nde., others in decknal

Tabletal Data/ATL/S Price Sourced

9.500 10/96 96.3750 +0.250 9,76 9.72 10.04

7/96 101.9750 +0.050 6.26 6.26 6.52

LONDON MARKET STATISTICS

-RISES AND FALLS YESTERDAY

FY-ACTUARIES SHARE INDICES												
	These indices are the joint complication of the Financial Times, the institute of Antieries and the Faculty of Actuaries											
EQUITY QROUPS	1		day Oc				Tate Oct. 25	Mor Oct 24	Fri Oct 21	Year age		
& SUB-SECTIONS	 	Γ.	Est.	Gross DN	Est. P/E	1	-			Сарргоз		
Figures in parentheses show number of stocks per section	index No.	Day's Change	Yield%	Yield % (Act at (25%)	Ratio (Net)	1986 to date	ladex No.	fedex No.	Index No.	indez No.		
1 CAPITAL 90085 (216)	117.66	-0.2	10.56	4.30	11.70	22.65	823.25	\$19.33	823,84	(43.1		
2 Building Materials (28)	1029.54	-14	11.72	4.51	18,44							
3 Contracting, Construction (38)	1577.63		11.42	3.49	11.22							
4 Electricals (12)	2342.34	-0.1 +8.3	8.94	4.64 3.53	13.61 12.65	42.01	2545.86 1771.84		2343.57 1772.38			
5 Electronics (29)	438 77	103	18,61 10,13	4.36	12.11		439.47	429,71	432.87	368.7		
8 Metals and Metal Forming (7)	491.64	+0.4	7.85	197	12.54	10.06	491.71	497.59	588.17	378.3		
9) Motors (16)		- 7007	11.48	447	7.92	2.12	288.45		288.68	252.7		
10 Other industrial Materials (23)			9370	4.44	12.13	45.06	1364.46		1371.41			
21 CONSUMER GROUP (286)	1094.06	+0.1	9.18	3.56	13.72	21.38	1892.49			761.3		
22 Brevers and Distillers (21)	2152.66	-0.2	10.31	3.51	12.24	23.44	1153.37	1164.92	1160.10	915.9		
25 Food Manufacturing (21)	1 989.42	+0.5	2.92	3.82	14.17	19.54	764.71	143.43	983,42	m2		
26 Food Retailing (16)	2924.42	. +8.5	9.16	3.51	14.42	42,23	1914.02		1925.79	1993.0		
27 Health and Household (12)	11924.85		6.73	2.55	17.17	18.01	1329.36		1943.45			
29i Leisure (30)	[1484.41]	+4.5	8,72	3.67	14.73	30.27		1491.29				
31 Packaging & Paper (17)	560.31	. +0.3	7.96	3,87	12.79		559.53	568.61	583.40	478.3		
32 Publishing & Printing (19)	3467.33		3.29 10.86	4,10	15.66 12.11	11.49		3464.61 766.13	342.57	3266.7 249.2		
34 Stores (34)			13.25	.53	22.11	17.70 13.82	769.88	25138	773.30	917.2 585.1		
35 Teniles (16)	223.36	-8.2	11.01	439	11.07	22.92	534.62 916.99	915.42	526.72 916.98	30.1 343.7		
40 OTHER GROUPS (92)	711-20	-6.5	8.04	2.55	15.68	19.25		1891.14		967.I		
42 Characals (22)	TREE 74	-6.7	11.95	477	10.45	37.50	1475.77	1677.15	1075.63	968.7		
43 Conglomerates (L2)	1257.66	40.3	18.44	4.52	18.55	25.00	1253.32	1251.51	1256.50	1039.3		
45 Shipping and Transport (12)	7948 48	+0.2	12.61	4.75	11.27	59.57	1947.07	1949.44		1709.5		
47 Telephone Networks (2)	987.72		11.31	4.53	11.47	20.38	981.21	975,97	988.73	271.7		
	1265.36	+9.6	11.18	4.29	18.19	37.24	1244.48	1257.89	1254.24	1106.8		
49 INDUSTRIAL GROUP (488)	768.38		10.45	3.98	12.35	22.76	988.16	987.35	991.17	864.0		
	1735.97	+8.3	14.45	6.41	11.80	76.79	1731.61	1723.84	1737.72	1641.6		
		75.5	10.15	4.30	12.28	27,28	1651.59		1854.91	930.1		
3 7 3 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	2052.29		19.15									
61 FIRANCIAL GROUP (123)	12.4			5.14		23.97	696.20	699.92	796.18	(2)		
62 Banks (8)	676.32	-6.3	20.75	6.55 5.36	6.46	33.13	677.15 998.47	698.63 993.62	497.83 1863.63	629.8 202.4		
65 Insurance (Life) (8)	990,39 531,93	35.7		5.85	: I (22.33	533.56	533.27	537.16	462.3		
66 Insurance (Composite) (7)	962.22	+4.1	9.27	沅	13.54	45.64	971.43	%6.75	975.13	#15.5		
67 Resurance (Brokers) (7)		+8.3		122		9.26	348.25	342.24	343.35	388.2		
69 Property (S1)	1228 84	-8.2	5.50	2.70	23.21	17.45	1238.50	1229.64	1242.63	912.90		
70 Other Financial (31)	375.88	+9.6	18.21	5.29	12.32	11.66	373.51	372.94	374.27	482.10		
71 Investment Trusts (77)	935.14	-8.1		3.11	_	15,97	935.88	934,99	938.16	242.74		
81 Mining Flamos (2)	554.84	+0.7	17.85	3.77	18.18	15.67	558.86	575.83	581.90	381.1		
	1363.15	+2.7	9.15	4.50	12.48	49,44	1327.68	1342.34	1353.84	881.57		
99 ALL-SHARE BIOLY (710)	963.02	+0.1		437		26.02	962.29	962.96	968.82	807.97		
AS LOCALINE MARTY AND COMMISSION OF THE PROPERTY OF THE PROPER		. 1444	<u> </u>		5	-		,,-				

	FIX	ED I	NTE	RES	r <u> </u>		AVERAGE GROSS REDEMPTION YIELDS	Wed Oct 26	Tue Oct 25	Year ago Cappros
	PRICE INDICES	Wed Oct 26	Day's change	Toe Oct. 25	nd adj. today	xd adj. 1988 to date	1 lew 5 years	9.66 9.24 8.94	9.66 9.24 8.94	8.7 9.2 9.0
	British Covernment 5 years 5-15 years	119.71 137.11		119.72 137.12		9.71 11.51	4 Medical 5 years	20.06 9.47 9.17 10.19	18.85 9.47 9.17 10.17	9.3 9.4 9.2 9.4
3	Over 15 years hredeemables	148.39 168.86 134.17	+0.03 +2.17	148.35 168.57 134.17	1))	12.64 13.38 11.13	8 Comons 15 years 25 years 10 Irredgemables 15	9.68 9.24 8.90	9.68 9.23 8.90	9.6 9.2 8.9
5	Index-Listed 5 years Over 5 years	139.40 127.10	+0.03	130.36 126.84		1.81 2.96 2.85	Index-United 1.1 hefiation rate 5% 5yrs. 12 hefiation rate 5% Over 5yrs. 13 hefiation rate 10% 5yrs. 14 indiction rate 10% Over 5yrs.	2.80 3.63 1.64 3.46	2.80 3.64 1.64 3.47	3.2 4.2 3.4 4.3
4	All stocks Rejentment Leanne			126.93 118.29		9.40	15 Belat & 5 years 16 Lane: 15 years 17 25 years	11.76 11.03 10.70	11.75 11.01 10.68	11.2 10.7 10.7
9	Preference	90,43	44-10-1144	90.43	-	5.08	18 Professor	9.97	9.97	10.9

RISES AND FALLS YESTERDAY												
industric Financia Oils Plantati Mines Others	tions, De als al and Pi	roperties		eign Boa		Rises 26 10 339 125 22 4 45 52		Falls 52 2 339 149 20 1 44 92			34 910 395 63 100 110	A
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EQUITIES												
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170 962 118 910 920 977 980	F.P. F.P. 141 F.P. 141 F.P. F.P. F.P. 141	176 1212 20 10 10 10 10 10 10 10 10 10 10 10 10 10	170 113 113 120	Racal Telec Raiston Inc Otto Design	street TS Group Sp	Keendita Febra	1 4	115 115 115 115 115 115 115 115 115 115	42	10 11 27 27 27 27 27 27 27 27 27 27 27 27 27	31.7 11.4 16.9 16.3 26.8 13.0 10.7	
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● Last ● Last ● For For rate London	B First Dealings Oct 24 Inds, Bejam, Traiford Park, PMI, Bast Dealings Nov 4 Inds, Bejam, Traiford Park, PMI, Bast Dealings Jan 26 Tret, Control Secs, Martey, Lawrence W, Utd Blac, Scott & Newcette, Unigate, Timoco, GEC, ondon Share Service Polly Peck, Brooke Tool, Hanson Tret. Puts in Christy Hunt. PCalls in Trust Houses warrants and											
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•	LONDON TRADED OPTIONS																
-		 -	1	CALLE		1	PUTS			-	-10	_	CALL		- -	PUTS	
	Optice		0et	Jan	Apr	Get	Jas	Apr		Option		Nov.	Feb.	May	Nor.	Feb.	May
5	Allied Lyons (*481.)	460 500	22	46 24	42	22.2	18 40	25 47	Ple (*1)	56)	140 140 180	28 10	32 15	35 21	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	3	뷿
3.	Brit. Airways (*167)	160 180	84	16 5	20	14	19	10 21	Prede	etial	150	8	6½ =	+	25	21	-
}	Brit. & Comes. (*242.)	220 240 260	24	30	25	2,2	15	10	(*)	53) ad	160 280	4 25 3	9 37 26	12	9 4	13 11 20	15 16
5	B.P.	260 260 260	5	1612	185	18	26	28 14	R.1		300 420	30	49	62	122	15	28 22
	(*244) Bass	750	50	62	80	12	18	25	Vasi	38) Roefs	460	10 6½ 3½	28	16	27 1½	35 3½	7
1	(*797) Cable & Wire	398	7	33	45	 •	17	45		Option	l 70	Dec	-	1 9	Dec	Mar	1 10
'	Cops. Gold	1100	50	160	竖	2 <u>8</u>	33 50	86	Ams:	trad	200 220	17	28 17	35 25	17	111 22	Jun 15 24
١	(-112D	1200 1300	2 2	88 55	85	150	100 180	130 190	Barc (°4)	lave	375 420	33	 -	-	5	_	-
١.	Courtasiás (*302)	280 300 330	22	34 20 10	42 29	11/2	16	12	Sloe (ircle	420 460	50 22	30 66	70	17	22 11	27 16 34
1	Com. Unies	30	10.	30	35 19	1 20 -	1 12	23 23 39	C*4!	965	140	14	40 감 감	28	5	9	12
١	(*338) G.E.C.	140	34	37	39	23	29 1½		(*3.4 Gla	20	1100	4½ 53	95	120	35	20 53	21 65
Ì	(*174)	160 180	14	19 6½	11	7	11.5		Hzwiter	Slad.	1200 500 550	16 62 21	80	90	100	110	117 18 37
1	(-328)	300 338	29 1	40 20	28	22	23	11 22	(*SE	CHE	260	20	30 17	39 26	<u>22</u>	30 6	9
Ì	Grand Met.	420 454	- 12	48 25	54 33	3	19	13 30	(-27		290 300	2	9	<u> </u>	28	28	77
Ì	1.C.1. (*1063)	1000 1100 1200	1,5	39	뿛	37 2 137	16 54	35 82	Loca (*37	1)	360 390	37 24	51 37	50 50	20 36	32 48	39 55
١	Jaguar (%1)	260 280	2,	23 14	22	20 2	15	24 37	Midlar (°4)		390 420 460	35 15 6	50 24 12	55 35 18	12 45	11 25 52	16 27 53
1	Land Securities	500 550	78	90	100	1	4	8	Sea C13		130	127	192	22½ 17½	126	10	13
•]	(*576.)	600	28 1 101 ₂	18	32	귤	35	16 38	Tresthous	e Forte	260	23 124	30 21-5	37 30	10	19 32	25 36
1	(*170)	160 180 200	10.5	174 54 2	24	ᆲ	녍	19	Thora (%6	ĖMI	58	80 37 13	21.2 22 23	110	10	9 22	13 30
ı	Britoli (*500)	. 420 460	Ξ	=	=	1 5	1.5	巨	Wello	-	700		7	70 57	40	45	52
١	Ralis-Rayce	130	7	- 145	20	24 4	412	712	(*49		500	45 21	33 42	75	3	14 52	20 38
1	(*137 î	260	32	8	47	3%	912	122		Option		Dec	Apr	Jøl	Dec	Apr	Jul
1	(*292)	280 300	12	26 14	23 20	9 4	놼	另	Bos (*22	5 4 }	220 240	14 5½	24 13	20 20	102	12 23	18 26
ł	Salvabury (*205)	200 220	6 %	76	232	16	8 17	10 22		Oction		Oct	Jan	Mar	Oct	Jan	Har
ĺ	Shell Trans. (*982)	950 1000 1100	33	543	KE	120	18 43 120	43 58 137	British (°16	Gas	260 170	5	13	1412	62	4	64
1	Storehouse (*184)	180	3	19	24 14	17	21	13 22		Option			lea .	,	Nov	Jan 1	
١	Trafalgar House	230 300	40	44 26	46 92	1	4	7	RHI (*39)		390 420	18 18	Jan 30		12	24 43	_
١	T.S.8.	330 100	20 1	15	19	13	30 24	32				•	ر مم				
Į	(*108')	110 120	, P	6b	14 7½ 4	3	3	6½ 14	Beech	Option acr	460	DEc 24	Mar 41 22	33 33	DEc 12	Mer 19	<u>Jul</u> 27
ı	Utd. 8 Iscults (*309)	300 330	9	28 15	38 25	23	19 25	22 37	(°47) Volle		500 460	9 34 13	22 52 27	33 65 38	36 612 23	40 14 29	49 16 34
ı	Ultramar (*237)	弢	22 31 ₂	28	45 35	212	15. 17.	15 23	C48	7) [500 l	13	27	i 38 i	23 1	29 ;	34
Į	Wachworth (*257)	240 260	19	26	38	177	21	10	BTI	Option	290	Dec 22	14er 31	May .	Dec 5	Mar 9	May 12
I	(a)	280	[پ*	28 15 9	20 20 20 20 20 20 20 20 20 20 20 20 20 2	1 6 25	7 16 28	10 17 28	(*29.	3)	300 140	10	20	22	24	18	21
Ì									(*15) Teso	"	140	24 9	15½ 5½ 15	175 74 16	14 54	9	15 ½ 15 ½ 12 23
1	Option Lathrete	390	63	Feb. 70	Apr.	Nov.	Feb.	Apr.	(*140	i) l	160 (9	512	8 f	21 -1	22 l	23
ı	(*61.)	390 420 460	34	70 46 23	33	31 ₂	10 28	12 31		ation	550	Nov	Jan	Mar			Mar
Ì	Option		Nov.	Feb.	May	N T	F4. 1	May	Enterpris (*58)	()	600	50 23	72 44	82 63	35	24 46	32 53
l	Brit Aero (*488)	460 500 550	35 10	20 12	45	Nov. 5	Feb. 13	25 47	Scot. & No (*406	1)	390 420 460	26 12 3	37 23 11	45 31 18	16 35 67	25 12 72	30 46 75
ı	BAA		2 24		19	65	29	82_									
1	(*282.) ·	280 300	24	19 41 ₂	27 17 49	19 6½	12 22 14	14 23 23	Conv. 932 9 (*102	ption 2005	100	Nov 2基	Feb 3	May -	Nov 3	Feb 1	May
I	(*473) Brit. Telesom	460 500 240	6 20	20 17	30	30	35	11			104	程14	選	=	- 1	-44	<u> </u>
	(*246)	260	14	8 1	23	16	20 1	<u>23</u>	Tr. 12% (*109	75.00	쏊	=,	ņ	Ξ	175	133	=
Į.	Cadhury Schweppes (*372)	360 370 420	20114	22 28 18	33,78	7250	22 38 58	28 44 64	Opti	DP		Nov [an Oct	_	Dec	Jan
1	Galaness (*344)	330 360	20	¥ 17	40	4 20	10 24	14 28	FT-SE Index	1650 1700	203 153	207 157 110	210 2 165 1 122 1	18 2 74 1	21 ₂	6	10 17
1	LASMO (*508.)	450 500	58 27 11	<u>2</u> 2	96 70 50	16	18	28	(*1852)	1700 1750 1800	153 163 153 104	場 第 5 15	122 1 85 9 52 6 30 4	74 15 34 1 13 25 5 14 10 56	.1 30	6 9 17 29 50 80	28 42
1	P. & O.	550 S50	11 37	34	50 65	48	30 60	68		1850 1900 1950	1	<u>ا</u> چُڙ	26 8 20 4 15 2	4 I 10		80 115	10 17 26 42 42 92 123
1	(°576).		2 2	58 30	37	39	40	25 50	Autob	2000	5 [2	-	- 15	157		
I	Pilkington (*223.)	220 240	10	18	24 15	15	꿇	15 26	VECTOR	F 40 100	T-SE 1	ndex Ça	/,420 C ils 302 securit	B Puts 2	048 Pet 05	- 14,57	~
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Increase your yield through Private Banking

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INTERNATIONAL COMPANIES AND FINANCE

Pargesa forecasts earnings increase

By William Dulliorce in Geneva

PARGESA, THE Swiss holdi company for the financial and industrial group headed by Mr Albert Frère of Beiginn and Mr Gerard Eskenazi of France, expects to improve earnings this year, in spite of a Strong decline in net profit to SFrizom (578.4m) in the first

The expected increase in 1988 net earnings per share should enable the company to maintain its dividend policy. Pargesa has increased its payout to shareholders assumily.

Last year it posted a 9.3 per cent rise in consolidated net earnings to SFr159.6m in spite of a relatively poor second half, affected by the October stock market crash. It paid a dividend of SFr82 a share.

Income from the holding company's permanent invest-ments rose by 6.7 per cent to SF:117.5m during the first half

of 1968.
After net fizzacial items and general expenses, first-half consolidated net profit came out at SFr120m or SFr169.78 per share. Net earnings in 1987 totalled SFr145 per share con-solidated and SFr72 per share

Thomson T-Line emerges as mystery Suter bidder

By Ray Bashford in London

THOMSON T-LINE, the industrial holdings group, is the mystary group preparing a hid for Smier which could value the company, headed by Mr David Abell, in excess of 230km

Negotiations between the two companies are understood to have reached an advanced stage and a statement on whether the hid will go shead

on an agreed besis could be issued tomorrow.

The discussions between the boards have continued since last Monday, when Suter said an approach which could lead

progressively to centre on the terms for the bid. If agreement is reached, it is: likely to be on a share swap basis, valuing each Suber share in excess of 260p. Suber shares

eased 7p yesterday to 238p. This capitalises the company at £275.3m Thomson T-Line, which issue rehrusry added an important arm to its operations through the £90m acquisition of Vernous Pools, is considering the issue of shares and convertible issue of shares and convertible preference shares on the basis of about 70 per cent and 90 per cent respectively for the take-

Speculation that Thomson

T-Line was a possible bidder had circulated in the market during the week. Concerns about the deal's financing have helped in marking down

They closed yesterday at 720, down 40 on the day and 119 lower on the week. The closing price values the company a

Suier has been under a cloud since last July when the Department of Trade and Industry appointed inspectors to investigate share dealings in two companies associated with the group. Shares have been under constant pressure since

Wolseley profits advance 30%

By Pistip Coggs: in London

WOLSKLEY, the UK plumbing and building marchant, yester-day revealed preliminary pre-tax profits well ahead of expectations at 297.5m (\$168.8m) in

the year to July 31.

The profits figure was a 29.7
per cent improvement on the previous year's £75.2m, on turnover SI per cent higher at

51.28km (5977m).
Mr Jeremy Lancaster, chairman, said all three divisions

had performed well, with the strongest growth coming from the US distribution business. which benefited from the inch-

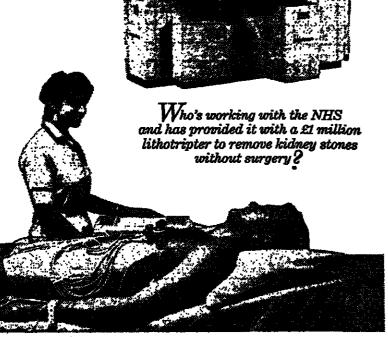
which beneated from the incat-sion of two acquisitions.

These were California-based Familian and Familian Northwest, based in Oregon, which added £10.6m to the group's US profits. However, the decline in the dollar knocked £2.7m off the US divi-sion's contribution.

Mr Kampater said that Per-guson, acquired in 1982, had achieved compound sales sud-profits growth of 30 per cant

After tax of 134.66m (528.12m) and minority inter-(\$28.12m) and minority inter-cial of circ.000 (\$252.005). Wol-coley carnings per share were 24.8 per cent higher at 20.7m (\$150). The proposed final divi-dend in 6.7p (\$p), making a total of \$6.7p).

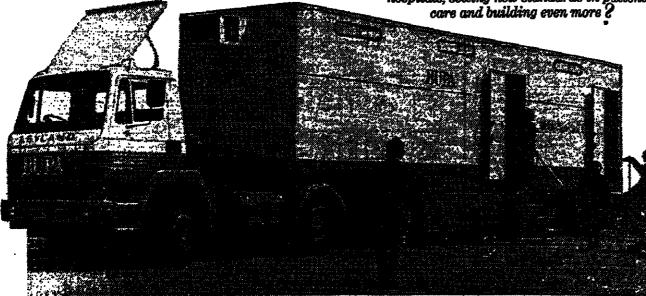




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Varity abandons US deal

By Our Financial Staff

VARITY, the Canadian agricultural and industrial agricultural and industrial equipment manufacturar, has backed out of its tentative deal to buy Fruebauf, the Detroit based truck trailer group, suffing Varity's stock higher.

Varity said it is still inter-

ested in making other acquisi-tions. We have not changed our straingic plan, which is to diversity, it said. "Certainly, automotive com-

poments is an area that's very attractive to us," Varity said.

The company had been particularly interested in Fruebaut's Kelsey-Hayes vehicle parts

Sheres in Varity, successor to the old Manaey-Ferguson group, rose 4, to 31 cm heavy volume in early trading on the New York stock suchange.

"This shows a lot of people me interested in a stock in a statement of the stock of any interested in a stock in a statement of the stock of any interested of the stock of the

terrespond altestion and are relieved they won't be bur-dened with Preshent, said an analysi.

Bank für Gemeinwirtschaft Aktiengeselischaft

leave of

U.S. \$200,000,000 Floating Rate Notes 1996

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Addinguestischeit has elected to person on automatic of 28th November, 1988, the date fixed for redemption, there will become due and psyable on the Notes the principal amount thereof agenter with interest accrued thereon to the date fixed for redemption. Psyment of the principal amount and interest on the Notes will be made on or after 28th November, 1988 at the office of Manufacturers Henover Limited, 7 Princes Street, London EC2P 21R, or at the offices of Barris, für Gemelmwirtschaft Aktiengesellschaft (London Branch), 33 Lombard Street, London EC3V 98S, BRG: Luberdourg S.A., 2 rus Jean Bertholet, L-1233 Lubernbourg, Bark Bruseles Lambert S.A., Averuse-Marrix 24, B-1050 Brussels, The Mitsubishi Trust and Berking Corporation, 4-5, Martinouchi 1-chome, Chiyoda-lou, toloyo and Union Barrik of Switzerland, Bahrhofstrasse 45, 802 Zurich opon presentation and sumender for redemption of the Notes together with all Coupons appertaining thereto matering on or after the date fixed for nademption. Psyment of the principal amount only of the Notes the Marafacturers Hanover Trust Company, 270 Park Averuse, New York, N.Y. 10017 upon presentation and surrender of the Notes together with all Coupons appertaining thereto matering after the date fixed for upon presentation and surrender of the Notes together with all Coupons appertaining thereto matering after the date fixed for

The Coupons ma The Coupons matering on 28th November, 1985 should be presented for payment in the usual manner. On or after 28th November, 1985, interest on the Notes will cease to accrue and unmetured Coupons shall become wold.

INTERNATIONAL WESTMINSTER BANK PLC (Agent Bank)

27th October, 1988

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MB GROUP, the former Metal Box. which yesterday announced it was merging its packaging interests with Carnaud, the French packaging company, also published interim figures for the six months to and September.

months to end September.

These showed a rise in pre-ax profits of 28.5 per cent to 155.5m, on sales 13.4 per cent ahead at £703m. Mr Murray Stuart, group chief executive, said the profits would have been 32 per cent shead but for the adverse move in exchange

He also said the interim dividend was to rise from 1.30 to 3p, in part to reduce the disperity between the two payouts.
Operating profits rose by 16.4
per cent to 262.6m and the

group operating margin was a full percentage point higher at 8.9 per cent. The group's target is to reach 10 per cent. The sale of the group's 25 per

ITL shares fall

results warning

Shares in ITL Information

Technology, the mini-computer manufacturer, felf 18 per cent yesterday when the company

warned that its results for the

first half and the full year

would be below expectations.
ITL said that sales has been lower than anticipated and its

nargins were under pressure.

A programme of cost cutting including an 8 per cent reduc-

tion in staffing, is being imple-mented. The shares closed at

Losses increase

at Atlantic Res

Increased pre-tax losses of 15528,000 (£449,000) were reported by Atlantic Resources, USM-quoted oil and

gas explorer, for the first half

of 1988. Comparable losses

Turnover for the six months

jumped to £622,000 (£102,000).

The temporary loss in revenue as a result of the shut-

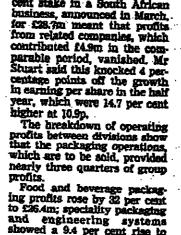
down for modifications at Clay-

more from July until December, will be mitigated by bene-

inherited as part of the UK investment, directors said.

amounted to \$458,000.

by 18% on



The two other areas of opera-

tion, which MB will retain, had differing experiences.

cent stake in a South African

showed a 9.4 per cent rise to £16.3m; and licence and royalty income was 17.1 per cent up at

The heating and bathroom products division, helped by the acquisitions of Henrad and



Murray Strart:confident of

showed a 68.1 per cent profit increase to £12.1m. Mr Stuart warned that the effect of higher interest rates might be to slow the growth in the UK. although he was confident of future expansion.

In the cheque printing and business forms division, which mainly consists of Clarke Checks, the US bank check business, profits were 12.1 per cent up at £3.7m. The figures were held back by exchange rate movements. In dollar terms the US activities showed a 23 per cent rise in trading

Group interest charges fell to 25.3m (27.5m) and rationalisation costs to £1.8m (£3.1m). The tax charge slipped to 19.1 per cant (20.8 per cent) but the con-solidation of subsidiaries in Singapore and Thailand meant a rise in minorities from

Virgin executive to get pay-off

VIRGIN GROUP, the leisure company headed by Mr Richard Branson, is paying a £100,000 golden handshake to Mr Don Cruicksbank, its managing director, who is leaving in the wake of the company's delisting from the stockmarket. Virgin formally announced its plans to revert to private company status earlier this mouth. This is being effected by a bid from the a newlyformed private company, Glow-track, and the offer document, published yesterday, gives details of the severence

Mr Cruickshank's payment comes in addition to sums due under his existing service agreement which expires in November 1989. Under that, his salary is set at £90,000 a year. Two non-executive directors, who will not be part of Glow-track, receive extra remunera-tion of 240,000 and £20,000 for "special services required in considering and negotiating the proposals."

In the document, Virgin

stresses that the disappointing share price made it inappropri-

acquisition purposes or to finance growth through new issues, but says that it does not believe strategy should be altered in response to stockmarket performance.

It suggests that the rating problem may continue for some time," and therefore the benefits of a listing are not being realised. Accordingly, it concludes that the switch back to private status on the terms proposed - a 140p a share bid by Glowtrack - is in the best interests of all concerned.

Brent Walker buys balance of Elstree

By Clare Peerson

BRENT WALKER, property and entertainments group, yes-terday bought out the remaining 50 per cent stake in Elstree coment Corporation. The holding was acquired from a consortium headed by Tran-wood Earl, the small merchant

Brent Walker's move ippears to ensure the future of film-making at Elstree, which was thrown into uncertainty earlier this year after previous owner Cannon Group announced its intention to halt production this month. Mr George Walker, chairman, has said he plans to relocate most of his film empire, Films, at the Hertfordshire

Brent Walker became involved in the rescue of Elstree early last month, when it formed a new company to buy the site, for £32.5m, along with the consortium put together by Tranwood. This

consortium had itself earlier bought the site from Cannon for a consideration which was believed to be £20m. When this sale was origi-

nally agreed, fears were raised that the site would be given over to retail and residential development. Yesterday Mr Walker said the maximum pos-sible space would now be given substantial retail, office and residential development was

of Scotland funding plan endorsed

By James Buxton, Scottish

Correspondent

THE ROYAL BANK of Scotland's decision to partici-pate in funding Elders IXL's £1.6bn bld for Scottish & Newcastle Brewerles was uneni-mously endorsed yesterday by the board of the bank's perent company.

The decision to join the syn-

dicate providing £1.2ha in loan facilities for Elders has been strongly attacked in Scotland. Soveral local authorities have censured it as being against the interests of Scotland. Indeed Labour-controlled Dundee district conneil is to con-sider moving its account out of the Royal Bank.

the Royal Bank.

The board of the Royal Bank of Scotland Group yesterday rejected criticism of the bank. It said the key principle in customer relationships was to treat all its customers equally. Both S&N and Elders are Royal Rank customers.

Customers were frequently in competition with each other and bids only highlighted this competition. The bank's response to a customer's request for funding did not nstitute a view on the merits of a bid.

The bank said it applied equal treatment to all its cus-tomers "within the context of the Government's regional pol-

Mr Angus Grossart, a Royal Bank Group board-member who is also an adviser to S&N through his merchant bank Noble Grossart, did not take part in the discussion because

A renewed call for Elders' bid to be referred to the Monopolies and Mergers Commission was made yesterday by the Scottish Council Devel-opment and Industry, which lobbles for industry in Scot-

It argued for a referral on the grounds that the bid would damage the Scottish economy. It said that Elders' intention to concentrate on volume hrewing and distribution in a merged Courage and S&N operation would mean that S&N would cease to be an inte-grated drinks, hotel and leisure business.

Royal Bank Berisford to sell off 35% of its coffee operations

S & W BERISFORD, the food, soft commodities, property and financial services company, is to reduce its exposure to the potentially volatile commodities market by selling 35 per cent of its coffee operations to a group of managers for \$12.25m (£7m).

Berisford, which outlined the deal in its least annual market.

deal in its last annual report, said its other commodity operations - cocoa and sugar trading - might eventually be restructured in the same way, now that the group had disposed of most of its metals trading businesses

posed of most of its metals trading businesses.

Mr Philip Aaronberg, Berisford's chief financial officer, agreed that the restructuring and renaming of the coffee trading operation, which will be known as Dayney Coffee. be known as Rayner Coffee International, looked like a cosmetic exercise.

However, he said the deal

would encourage senior man-agers with a stake in the new organisation, allow tighter con-trol of working capital, and give Rayner better buying and marketing power as coffee producers realised they were dealing with one of the three largest international coffee traders. The group's commodities trading operations lost £4.6m

in the year to September 30, 1967, against £10.4m in pre-tax profits the previous year. The coffee business made only £100,000 (£19.3m) on turnover of £517m (£489m). "The desire to manage and reduce risk, and better to con-trol the use of funds unques-

tionably emerged from that dif-ficult situation," said Mr Aaronberg yesterday.

In the eight months to May
31, 1988 – the date from which
the deal is effective – coffee

trading realised £8.9m before tax on sales of £268m. For tax reasons, two partnerships will acquire Berisford's coffee operation. Berisford will

contribute 65 per cent of the \$35m combined initial capital of the partnerships with the balance supplied by Oswega Financial, a vehicle for the senior managers. The partner-ships will also acquire certain minority interests in the Brazillan and other international

coffee activities. The six senior managers. who will have three seats on the eight-strong Rayner board. are putting up \$1.84m in cash for their share, with the bal-ance - about \$10.4m - bor-

rowed from Berisford.

Berisford is to provide or procure loan facilities of up to \$230m for Rayner, but aims to cut this funding to \$200m as savings are achieved.

The deal is part of a

long-term programme of rationalising and restructuring Berisford's foods and commodities interests, briefly inter-rupted by last year's 767m bid from Associated British Foods, which was abandoned after the crash. ABF still owns 23.7 per

cent of Berisford The group also announced yesterday a proposal to sim-plify its capital structure by cancelling and repaying 75,000 7% per cent preference shares and 75,000 5 per cent prefer-ence shares, at par value of £1 each, against market prices of 60p and 50p respectively.

CHANNEL **ISLANDS**

The Financial Times proposes to publish a Survey on the above on

Thursday, 15th December 1988

For a full editorial synopsis and advertisement details, please contact:

BRIAN HERON

on 061 834 9381 (telex 666813) (fax 061 832 9248) or write to him at:

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FINANCIAL TIMES

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Swing-Line Agent Barclays Bank PLC

September, 1988

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The Council of The International Stock Exchange has agreed to admit to the Official List all the shares of Common Stock of US\$2.50 each of American International Group, Inc. As at 31st August, 1988, 173,610,577 shares of Common Stock were in issue of which 10,227,407 shares of Common Stock were held in treasury. A further 2,552,776 shares of Common Stock were reserved for issue at that date. Dealings in the shares of Common Stock will commence at 9.00 a.m. on 27th October, 1988. The shares of Common Stock of American International Group, Inc. are already listed on the New York Stock Exchange and the Tokyo Stock Exchange.

Listing Particulars relating to American International Group, Inc. are available in the statistical services of Extel Financial Limited. Copies of the Listing Particulars may be obtained during normal business hours (Saturdays and Bank Holidays excepted) up to and including 31st October, 1988 from the Company Announcements Office, The International Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD and up to and including 10th November, 1988 from:

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27th October, 1988

UK COMPANY NEWS

B Elliott benefits show as profits soar

B ELLIOTT, maker of machine tools and engineering products, is feeling the benefits of having completed the main steps in its profit improvement

In the half-year ended September 30 1988 group turnover rose 20 per cent, from £33m to £39.89m, while pre-tax profit soared 61 per cent, from £1.06m to £1.71m.

And a good start had been made in the current year. Mr Michael Frye, chairman and chief executive, said there was still a long way to go to exploit the opportunities, but he was confident of achieving long term objectives.

Earnings were up to 4.55p (2.56p) and the interim dividend is raised to 1.1p (1p) on capital increased by last month's rights issue to raise £8.7m. It will provide permanent funding for the acquisition of Vanner, US electrical engineer, and a wider base to continue the expansion policy.

Mr Frye said the electrical division performed well and the purchase of Vanner provided opportunities for horizontal and vertical synergies.

General engineering improved greatly, benefiting from a healthy first time contribution from Robertson Tooling. The machine tool side completed its retrenchment in both merchanting and manufacturing.

The strategy at Butler Newall was to reduce the vul-nerability of the grinding business to certain long term, relatively large scale and technically complex contracts. In the short term there were still potential problems.

Shiloh in downturn to £0.5m midterm

Shiloh, textile spinner and manufacturer of disposable products and protective clothing, suffered a £189.690 downturn in pre-tax profits to £508,224 for the six months to October 1 1988.

The setback was caused by a

downturn in trade on the tex-tile spinning side which resulted from severe competi-tion from subsidised imports. Half-year earnings amounted to 5.84p (8.01p) and the interim dividend is a same-again 0.875p.

EMAP purchase

EMAP is acquiring the Cardigan & Tivyside Advertiser for £900,000 cash.

Organic growth gives Henry Barrett £4.4m

HENRY BARRETT Group, the steel and industrial products company, more than doubled pre-tax profits in the year to August 31, its first full year since its flotation in May 1987. The group made a profit of £4.41m, against £1.93m in 1986-87, on turnover increased by 40 per cent from £40.6m to

£56.7m Five acquisitions were made during the year for a total cost of nearly £13m. Mr Stuart Greenwood,

finance director, said existing business increased profits by 91 per cent, and added that the full benefits of the purchases would probably come through

in the current year.

Steel buildings division accounted for 51 per cent of turnover and steel services for

Margins were traditionally lower at these divisions than in the newer sectors, specialist

WOOLTONS BETTERWARE

Group, the USM-quoted com-

pany which previously manu-

factured curtains, blinds and

soft furnishings and now is a

direct-marketing and consumer

products group, reported a

drop in pre-tax profits from \$456,000 to \$101,000 in the 28 weeks to September 10. Turn-

over was almost static at

Analysis of the profit figure.

however, showed that the con-

tribution from continuing

products, which represented 6 per cent of sales, and materials handling.

The latter, a new division formed when Park Pallet Group was bought in January. was held back slightly by the disruption of moving from its existing site, but still accounted for 4 per cent of total sales. Specialist products represented 6 per cent of sales.

Barrett said the acquisition of Westbury Tubular Struc-tures in April gave the com-pany 15 per cent of the specialised market for designing and building atrium structures, supermarkets and leisure complexes.

Mr Greenwood said Barrett hoped to acquire another tubular steel specialist during the current year.

The steel buildings division was also expanding its opera-tion in the design and con-

Wooltons down but well placed

activities moved ahead 33 per cent to £740,000 (£556,000), while losses at the Wooltons

soft furnishings division -

sold in July to Lonrho Group

for about £2.7m cash and £1.1m

inter-company debt - rose to £639,000 (£100,000).

ing director, said that the directors were "delighted with the progress of the group, which is making good profits, has [since the disposal] a

strong balance sheet and is

Mr Andrew Cohen, manag-

struction of business parks and regional distribution ware-

Mr Greenwood added that the group also hoped to expand its steel services and materials handling divisions by acquisition, while the specialist prod-ucts sector would concentrate on organic growth and the integration of Tecner and RNL Group, bought in January and

July respectively.

Bostowings fell from 26 per cent to 19 per cent of share-holders' funds during the year. The company had a self-im-posed 30 per cent limit on gearing, but expected borrowings to drop still further in the cur-

A final dividend of 23p is recommended, making 3.4p (0.825p) for the year. Earnings per share rose 61 per cent to 13.1p (8.13p).
The shares put on 3p to close

at 193p yesterday.

well placed for expansion in the UK and Europe. After a tax credit of £121,000

(charge £150,000) and earnings

per 10p share were up 83 per

cent at 4.81p (3.61p). The interim dividend is raised to

There was an extraordinary

in the first half the group

made its first four acquisitions since coming to the USM in October 1986.

CHELSEA ARTISANS (manufacturer and distributor

of mirrors and a provider of

profit of £1.52m relating to the

1.8p (1.4p).

sale of Wooltons

New England in turnround to £544,000 profit

NEW ENGLAND Properties. part of the consortium which is to develop County Hall, former home of the Greater London Council, swung from losses of £144,000 to profits of £544,000 pre-tax for the first six months 1988. Turnover rose from

£166,000 to £1.58m.
The directors said they were confident that the strategic moves carried out in the last six months and previously had laid a solid foundation for con-trolled growth.

They added that the improved interim results reflected the major change in the company's investment portfolio last year, a period over which fixed assets had

risen from £1.3m to £23.1m. New England is responsible, together with London and Metropolitan, for the development management of the County

Hall project.
It is expected that the project will involve refurbishment of the south bank riverside building to provide a 450-bedroom

luxury hotel, a business centre with conference facilities, some 300 residential units together with two new buildings containing some 15m sq ft of offices and 120,000 sq ft of retail space.

Since the half year end NEP has disposed of its 25 per cent holding in the Farnborough Development Consortium. The arising profit will be included in the results for the full year.

Value and Income

Net asset value per 10p share of the Value and income Trust stood at a fully diluted 61.5p at September 30, a decline of 2.7p on the figure of a year earlier. Undiluted the figure was down 6.3p at 77.5p. Available earnings for the

half year to September 30 emerged at £437,000 (£342,000). equal to earnings of 0.57p (0.57p) per share. The interim dividend is stepped up to 0.725p

River Plate's TR stake

further 1.15m shares, and owned a total of 9.4m shares or 28.73 per cent. River Plate was obliged to

By Nikki Talt

RIVER PLATE and General, sell part of its original 28.6 per the split level investment trust, continues to rebuild its stake in TR Australia, a specialist investment trust managed by Touche Remnant

River Plate announced yes-

terday that it had acquired a

cent interest in TR Australia earlier this month, cutting the holding to 24 per cent. The sale was at the request of the Take-over Panel, which found that River Plate had breached the substantial acquisitions of shares" rules in respect of the purchase of certain shares. It was barred from buying any further shares for seven days.

Banner lifts Avdel stake

BANNER INDUSTRIES continues to increase its interest in Avdel, the former Newman Industries engineering group. It has acquired a fur-

By Nikki Tait

ther im shares, and is now interested in 37.6m - equivalent to a voting stake of 28.35

Two months ago. US-based

Banner acquired an option over the 35m Avdel shares held by Suter, the industrial con-glomerate. The US company and its associate, Transconti-nental Services, already had a small direct interest, to which a modest addition has since been made. The option can be exercised up until January 15,

Acsis revises open offer

ACSIS, the marketing services company which amounced a package of acquisitions on Tuesday, yesterday revised the terms of the accompanying

The deals, together with

are being financed by a placing of 28.35m shares at 58.5p. Under the open offer, share-holders can claw back on the basis of one new ordinary share for every 1.4905 shares held, or one new share for every £1.0904 nominal of loan

type setting and printing services): Turnover £1.02m (£870,000) and pre-tax profits £17,000 (£88,000) for six months to end-June 1988. Extraordi-

nary debit £47,000 (nil) repre-sented costs of setting up addi-tional manufacturing facilities. Order book for rest of year and for 1989 described as very healthy by directors. Company shares are traded on Third DAWSON INTERNATIONAL

said its subsidiary, JE Morgan Knitting Mills, planned a £2m expansion at three US plants to meet continuing sales growth for its Morgan and Duofold brands.

DUNLOK HOUSE (property investment and development) incurred loss of 1211,346 (£9,655), as against profit 10248.415, but expects to main tain profit of 15322,000 expected for the year. Property disposals concentrated in second half, whereas last year they were mainly in the first.

COMPANY NEWS IN BRIEF

RNGLISH NATIONAL Investment made net revenue of £196,000 for half-year ended September 30 (£130,000). Preferred ordinary earnings 6.55p (6.1p) and interim dividend 4.15p (3.9p); net asset value 295.46p (280.8p at March 31 and 346.56p at September 1987). Deferred ordinary earnings 4.1p (3.55p) and interim divi-dend 1.7p (1.45p); net asset value 220.46p (285.06p and 271.56p).

GREAT PORTLAND Estates has pre-let its office development in Bloomsbury Street,

WC, to the Secretary of State for the Environment. Rent details were not disclosed. GREAT SOUTHERN has acquired W Ears and Son, Leeds funeral business, and Leeds Limousines, related vehicle hire company, for the issae of 175,000 ordinary shares and 2600,000 cash. Combined turnover in 1967 was \$412,690 and pre-tax profit \$38,000.
THOMAS BOHINSON's acquisi

tion of the cereals million machinery businesses of Simon Engineering is not being referred to Monopolies and Mergers Commission. JOHN D WOOD has agreed to set of acquire Home from Home, a

property letting and manage-ment company specialising in central London furnished rental, from Mrs Elizabeth Macallum. Consideration is £130,000 cash, plus profit-re-

BUCKINGHAMSHIRE

The Financial Times proposes to publish a Survey on the above on

9th November 1988

For a full editorial synopsis and advertisement details, please contact:

Rachel Fiddimore

on 01-248-8000 ext 4152 or write to her at:

Bracken House, 10 Cannon Street London EC4P 4BY.

FINANCIAL TIMES

some additional fund-raising,

MEPC plc (Registered in England No. 420575)

This notice is issued in compliance with the requirements of the Council of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited

Introduction of £72,400,010 and Issue and Placing of £80,000,000 in nominal amount of 101/2 per cent. Unsecured Loan Stock 2032 at £99.623 per cent. Payable as to £30.00 per cent. on allotment and as to the balance on or before 28th February, 1989.

Application has been made to the Council of The Stock Exchange for the whole of the above stock ("the Stock") to be admitted to the Official List. In accordance with the requirements of the Council of The Stock Exchange, a mini-

of two market makers will be offered participation in the marketing of the Stock. Listing particulars relating to the Stock are available in the statistical services of Extel Financial Limited. Copies of the listing particulars may be obtained during normal business hours on any weekday, Saturdays and public holidays excepted, until 31st October, 1988 from the Company Announcement Office of The Stock Exchange 46 Finsbury Square London EC2A IDD (for collection only) and up to and including 10 November, 1988 from:

MEPC plc **Brook House** 113 Park Lane London W1Y4AY.

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277

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27th October, 1988

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120 Bray Technologies 100 Bremhill Coas. Pref ...

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in accordance with the provisions of the Notes notice is hereby given that for the six months period from October 25, 1988 to April 25, 1989 the Notes will carry an interest rate of 81%% per annum with a coupon amount of U.S. \$ 445.52.

> Frankfurt/Main, October 1988 **COMMERZBANK**

ENERGY EFFICIENCY

The Financial Times proposes to publish this survey on:

3rd November 1988 **Penny Scott** on 01-248 8000 ext 3389

or write to her at: Bracken House 10 Cannon Street London EC4P 4BY

FINANCIAL TIMES

SWANSEA BAY

The Financial Times proposes to publish this survey on:

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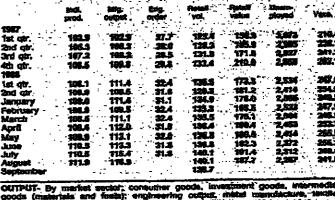
> Clive Radford on Bristol (0272) 292565 Fax (0272) 225974

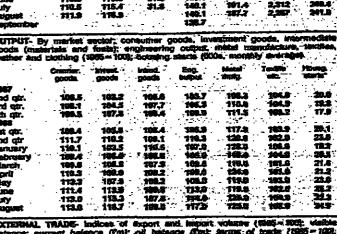
or write to him at:

Merchants House Wapping Road **Bristol** BS1 4RW

ECONOMIC ACTIVITY- todices of industrial production, instrusectaring (1965—100); engineering orders (f. billion); rebut sales volume (1966—100); registered greenployment (excluding school less untitled vacancies (000s). All seasonally adjusted. 125.4 126.3 121.8 123.4 192.5 195.3 197.2

UK ECONOMIC INDICATORS





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FRIANCIAL Money supply MO. At land MS (appropriation leading to orbital sector building application) 3,001 4,172 +5300 +2305 +4277 +5210 +5162 +5301 +5301 1,100 1,676 1,676 1,500 1,500 1,500 +323 +436 +281

edices of escalogs (1989-199); he 1,747 1,517 111.8 111.8 112.4 112.8 112.8 113.8 113.8 101.7 101.7 101.2 101.2 101.2 101.2 101.2 163.4 163.5 184.4 184.7 164.8 164.8 96.3 96.3 96.3 96.3 96.4 1,756 1,734 1,736 1,778 1,578 1,578

and the second will be a factor of and the factor of CHANNEL ISLANDS

The Financial Times proposes to publish this Survey on the above on THURSDAY 15TH DECEMBER 1988

OVERVIEW
FINANCE INDUSTRY
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For a full editorial synopsis and advertisement details, please contact:

> Richard Willis Amsterdam 23 94 30/22 56 68

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FINANCIAL TIMES

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FINANCIAL TIMES

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acquisition

REGENTCREST, primarily a

property developer. Is building up its property investment

interests with the El2m par-

chase of a home countles'

chase of a home counties' based company. Wellington Investment Holdings is being bought for \$2.7m in cash, and the balance in 8.67m new ordinary shares - 3m of which are to placed

had emerged 44 per cenz kweer at 19.6m (217.3m).

A number of analysts claimed they had received strong indications from the management during the sum-mer that the dividend on the shares, which are mainly held for their income, would be left intact. The shares closed 239

lower at 102p. Mr Robin Packshaw, chairman, said the final payment, 1.5p lower than last time, was the maximum that could be made out of attributable profits. He did not consider it prudent to pay any more in view of continued uncertainty in financial markets.

I'm sorry if some of the analysts got the wrong impression of how we were doing, but our views inevitably changed from

The pre-tax profit, which was achieved on turnover of £103.82m (£115.8m), was slightly below analysts' most recent forecasts, even though estimates had been sharply downgraded from around film

when the company announced

interim pre-tax profits of £7.53m in Merch.

The fall in profits was mainly attributable to a loss of £852,000 in securities broking. against a 28.61m profit last

International City Holdings blamed a sharp fall in business reaching inter-dealer brokers in the US domestic corporate bond market and the Eurobond market, its main areas of oper-

There were also costs involved in heavy rationalisa-tions at the Wall Street broker MKI, bought 21/2 years ago. ICH brought forward the last instalment of the earn-out pay-ment so that it could take man-

produced operating profits 2500,000 lower at £10m. Margins in the London dollar deposit market continued under pressure, while 11.2m was lost in attempting to improve market coverage in Australia. ICH is trying to expand its small-scale foreign

vices put in £1.2m (£1.94m). The UK asset finance operation performed satisfactorily, although the investment management arm, as well as IPAC, which makes computer hardware, were both described as

COMMENT

Money and futures broking xchange activities.
Financial and technical ser-

nting.

Net interest payable fell sharply to 2722,000 (£1.88m) as a result of the £29m injection when Throgmorton Trust, the UK investment trust, took a 28 per cent stake in the spring. Tax fell to £2.54m (£4.17m). Earnings per share came out at 11.2p (24.8p) and the dividend

These grim results may be no reflection at all on the quality of ICH's management; indeed after stringent cost-cutting measures it is possible the company is now exceedingly well-placed to benefit when its markets turn. But after yesterday's nasty shock followers of the company are not likely to give it the benefit of the doubt. preferring to speculate on what burst of optimism in early August led Mr Packshaw to buy 30,000 shares when they stood about 20p above yester-day's close, and such curiosi-

on behalf of the vendors. The issue price of the bulk of the new shares will be 110p. ties as the highly unsuccessful sally into computer hardware. Shot-in-the-dark type estimates although 1.8m of them will be issued at 125p. He Martin Lange, Wellington chairman, will join the Regenterest for the current year vary between 59 and £11m. If the dividend is struck, as it was yesterday, to provide a yield of With the acquisition of Weiabout two times the average for the market, it looks at the

With the acquisition of Wellington, the properties of which have a gross value of £16.4m, the enlarged group's recurring rental income will rise to £3.1m from £2m.

Regenterest adds that many of the leases at Wellington's largest property, the Soient Industrial Estate near Southampton, come up for renegotiation in the near future, leading it to expect a substantial

ing it to expect a substantial se in rental income. The new shares represent 17.84 per cent of Regenterest's enlarged share capital.

Ensign Trust

Enzign Trust net asset value was 82.5p per share at September 30, compared with 110p a year earlier. Total income for the year to September amounted to £13.01m (£9.36m) and after tax of £1.97m (£1.71m) net revenue rose from £3.00m to £3.76m for earnings of 1.27p (1.04p) per share. A final dividend of 0.9p (0.7p) is recommended for a 1.2p (1p)

Regenterest | GrandMet extends **IDG** offer as Pernod awaits Panel finding Holmes Pr.

By Lisa Wood

THE PROTRACTED battle mitment to Pernod's propose between Grand Metropolitan and Pernod Ricard for control of Irish Distillers continued yesterday with both groups seeking to consolidate their respective holdings.

GrandMet, which owns a stake of more than 33 per cent in the Irish whiskey producer, announced its offer of 125.25p per share had been extended Pernod lays claim to a 50 per cent stake in IDG, of which

about 48 per cent was gained by the signing of irrevocable commitments before it launched its 194.50-per-share On Friday the Irish High Court ruled that FII Fylles, Dublin-based fruit group, was bound by an oral agreement to

commit irrevocably its 20 per cent stake in IDG to Pernod. FII Fyffes, which has lodged an appeal with the Dublin

interpreted the French drinks group's actions as a bid and freed GrandMet to increase its offer.

Some other shareholders may have been awaiting the ruling of the court before returning their acceptance forms to Pernod. In a letter to IDG shareholders, Pernod reminded those who had signed irrevocable undertakings to return their acceptance

forms.

The French group will not declare its offer unconditional until the Takeover Panel decides whether or not the manner in which it obtained

the irrevocable undertakings breached the Takeover Code. Pernod has said that, if required to do so by the Panel. it will allow the withdrawal of irrevocable undertakings to an appeal with the Dublin accept its offer. A ruling fom Supreme Court, gave this com-

Lawtex runs into loss and omits final dividend

LAWTEX, Oldham-based manufacturer of clothing and umbrellas, ran up a loss of £963,309 pre-tax for the 53 weeks to July 2 1968 and is omitting the final dividend. This leaves shareholders with in for the period, half the payment they received for the 1986-87 year when profits totalled \$301,506.

The loss was struck after

taking account of an excep-tional provision of £630,355 (£170,507). Turnover was little changed at £19.68m (£19.58m) but, at the operating level, profits tumbled from £791,105 to £26,808. Losses per 25p share were 24.4p (earnings 6.8p). The directors pointed out that two areas of activity were primarily responsible for the losses - Xetal and leisurewear. Remedial action had returned the lelsurewear divi-sion to profit while Xetal had been sold to Kewill Systems for £300.000.

Since the start of the new financial year the group had been trading profitably.

ADT plans voting interest in

By Nikki Tait

SHARES IN Holmes Protection Group, the Delaware-incorporated manufacturer of fire extinguishers and fire protection equipment which is listed in London, rose 4p to 130p yes-terday on news that Mr Mich-ael Ashcroff's ADT Group had notified an intention to

acquire a voting interest. The bald and somewhat opaque statement said that ADT had notified Holmes that it "has a present good faith intention to acquire shares of common stock \$0.01 par value having a value in excess of \$15m and, depending on market conditions, may acquire additional shares of such stock constituting 50 per cent or more of the outstanding com-mon stock of Holmes."

The notice to Holmes added that the acquisition might be subject to the US anti-trust legislation and that ADT was filing notification under the Hart-Scott-Rodino Act with the Federal Trade Commission and the anti-trust division of the US Department of Justice.

The announcement was met by a wall of silence from both parties. Holmes' statement said that it would be seeking clarification from ADT of its intentions and would make a further announcement in due course, but no directors were available yesterday to expand on the company's position. Its advisers, Salomon Brothers, refused to elaborate in any way, as did ADT itself.

Unit Group

EC to examine Minorco's Gold Fields bid

By Tim Dickson in Brussels

THE EUROPEAN Community yesterday entered the controversy over Minorco's \$2.9bn hostile bid for Consolidated Gold Fields when Mr Peter Sutherland, the EC's competition commissioner, announced that the Brussels authorities were examining whether there had been a breach of Commu-

nity rules. Mr Sutherland told a full session of the European Parliament in Strasbourg that the commission had received a complaint from Gold Fields alleging violation of Articles 85 and 86 of the Treaty of Rome, which enshrine the principle of

He added that a copy of the complaint had been sent to already taken place. This was

Minorco with a request for its comments and that certain information was being sought from the concerned parties "to see if a violation has already

been committed".
Following Tuesday's decision
by the UK Government to refer
the takeover to the Monopolies and Mergers Commission, yes-terday's more is probably less significant as a setback to Minorco than it is in terms of the continuing EC-wide debate

on merger control. At the moment the commis sion has no powers to investigate takeovers before they have happened, unless there is evidence that an abuse of a dominant market position has the case in the recent bid for Irish Distillers by a consortium of Grand Metropolitan, Guin-ness and Allied-Lyons.

This would change, however if member states were to approve the commission's draft merger regulation at a meeting in Brusseis next month. Such a decision requires unanimity and will be frustrated if the UK continues to argue against an extension of Brussels' powers in this way.

The opportunity to press his case was not passed up by Mr Sutherland yesterday when he emphasised that the Minorco/Gold Fields case — which

posed new powers - "illustrates the urgent need for this proposal to be adopted as soon as possible, including provisions which submit such concentrations of a Community dimension to an a priori con-trol system".

Mr Sutherland yesterday indicated his approval of a number of Parliamentary amendments to the proposed regulation - including the value of the bids which would come under Brussels scrutiny - but he stressed that the assembly's ideas for worker participation did not have their place in such a merger control initiative.

Unit Group, is raising £1.5m via an offer and placing on a three-for-eleven basis at 140p

CSI confirms Betacom float

By Philip Coggan

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ILANDS

R 1988

CANNON Investments, industrial holding company, is to forge ahead with the flotation of its Betacom subsidiary, probably by

the end of the year. Around 70 per cent of Beta-com's equity will be sold by Cannon Street in an offer-forsale on the main market. Betacom distributes consumer electronics equipment, principally in the telecommunications field, under its own label. The Betacom offer will be the first chance for Camon

STREET Street to implement its oft-pro-ustrial holding claimed strategy of buying pri-forge ahead vate companies, building them up, and then floating them on the stock market.

Cannon Street itself has had an unusual stock market hisan musual stock market history, having nearly collapsed in the investment banking crisis of 1974. After many years of restructuring, Cannon Street eventually lained the Unlisted Securities Market in 1985. Presentative profits have increased from comment on the likely market tax profits have increased from comment on the likely market tax profits have increased from containing the last profits have increased from which its total investment so far has have \$7 tm.

Shareholders in Cannon Street will have preferential entitlements to shares in the Betacom offer. Proceeds from the flotation will be used to develop the Cannon Street group. Cannon Street is

Geers Gross returns to black

GEERS GROSS, advertising agent and consultant, reported pre-tax profits of £147.000 for the six months to end-June 1988. This compared with a loss of £846.000 last time.

Turnover fell to 217.63m (£40.31m) and tax for the period is estimated to be nfl (£200,000

credit). Earnings per 10p share worked through at 0.97p (4.27p loss) before an extraordinary \$255,000 credit. After last year's £3.9m loss there was no final dividend and there is no interim this time, but directors said that

with no unexpected shocks on

Overseas Inv Tr

raises dividend

as NAV drops

From maintained earnings of 1.87p, Overseas Investment Trust is raising its dividend

from 1.77p to 1.86p for the year ended September 30 1988. The final is 1.38p.
At September 30, net asset value stood at 242.6p, compared

with 274.4p a year earlier. The year's revenue came to £1.07m (£1.05m), subject to tax

£371,000 (£349,000). Unfranked income totalled £1.65m

the horizon they would restore the dividend at the year end. The company has sold off the business of its US subsidiary, thereby eliminating bank borrowing and putting itself in a positive cash position. Direc-

tors expected the company to continue its recovery.

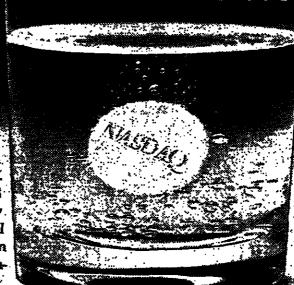
on the back of a 14 per rise in

The directors pointed out that although the current heavy capital investment pro-gramme would result in increased financing charges, the new automated newspaper ink plant at Heywood would soon be operational and would make a significant contribucompany's operations.

cane importer

The company made pre-tax profits of £414,000 on turnover of £4.95m in the year to September 1987, while its assets at

When Beecham listed their ADRs, NASDAQ saved them a lot of headaches.



is its Choosing the wrong market in which to list your company's shares can be a painful mistake.

So when Beecham decided to issue ADRs in the US, they researched the alternatives with all the thoroughness you'd expect from one of the world's great pharmaceutical companies.

The results were clearly in favour of choosing NASDAQ - the screen-based market of the National Association of Securines Dealers - rather than one of the traditional stock exchanges.

But exactly why was NASDAQ the preferred

Was it because NASDAQ is America's fastestgrowing stock market and has become - only sixteen years after its launch - the third-largest equities market in the world?

Was it because NASDAQ's electronic technology (so successful that it provided the model for London's new SEAQ system) makes it a highly efficient, liquid and well-regulated market?

Was it because NASDAQ's system of competing market-makers can offer issuers sponsorship, sales support and research coverage - something that cannot be provided by the single specialists on the traditional

Or was it even that, since most of NASDAQ's income is derived from the sale of its price quotation information, introduction and listing costs are a mere fraction of those on other exchanges?

Whatever the reasons, Beecham is not alone in thinking them compelling ones.

Two out of every three ADRs listed in the US are traded on NASDAQ.

NASDAQ issuers include companies of the calibre of Cadbury-Schweppes, Jaguar, Volvo, NEC and Nissan. And over 1000 US companies who have met the financial requirements for listing on the New York Stock Exchange have chosen to stay with NASDAQ.

For full information on NASDAQ and the advantages it offers European companies seeking wider exposure and access to new capital markets, contact Lynton Jones, Executive Director Europe, NASDAQ International, 43 London Wall, London EC2M 5TB. Telephone: 01-374 6969 or 4499.



TI/Thermal Sci LANDS offer declared unconditional CEVEER 198 TI Group's recommended offer for Thermal Scientific has been

> respects. Valid acceptances totalling 21.57m Thermal shares (66 per cent) have been received. TI now owns or has acceptances in respect of 31.32m Thermal shares (95.9

declared unconditional in all

The offer remains open until further notice. TI intends to compulsorily acquire any out-standing shares.

BOARD MEETINGS

DIVIDENDS ANNOUNCED

	payment	payment	dividend	Aeet	Aést
Barrett (Henry) ,fin	2.3		0.7	3.4†	0.7
Elliott (B)int		Jan 16	- 1,	; • ˈ	3.3
Eng Nati prefdint		_	3.9	•	11.35
Eng Matt defdint		-	1.45	-	6.45
Ensign Trust	0.9	-	0.7	1,2	1
Ind City Hidgsfin	4.51	Dec 30	6.	7.5	. 9
Lawtexfin	nii		1 1	1	2 .
MB Groupint	31	Jan 11	1.9		·7 -
Oversees toyfin	1.36	-	1.275*	1.86	. 1.775°
Shilohint	0.875	-	0.875		2.25
Usher-Walkerint		•	2.7		. 8.9
Value and Incomeint	0.725	-	0.625	-	2.065
Washing thought willie	4 6	Dec 0	14	-	44

Dividends shown pence per share not except where otherwise stated. "Equivalent after allowing tox scrip issue, tOn capital increased by rights and/or acquisition issues. \$USM stock. \$\forall \text{Linquoisd} stock. \text{\text{\$\text{Third}}}

Usher-Walker rises 18% to £0.6m halfway

Usher-Walker, manufacturer of printing inks and rollers, increased its profits by 18 per cent to \$596,000 pre-tax for the six months to the end of June, turnover to £6.78m.

The interim dividend is being lifted by 0.3p to 3p from earnings of 16.63p (14.1p) per

Chillington pays up to £2.8m for

Chillington Corporation plantation operator and engineer, has agreed to acquire the share capital of Jacobs, Young and Westbury, a west Sussexbased importer of rattan, bamboo and cane.

Initial consideration is \$2.44m, to be satisfied by the issue of £1.18m variable rate unsecured loan notes 1991, £1.22m from a vendor placing of 1m ordinary shares at 122p and £40,000 in cash. An additional £400,000 cash will be paid based on adjusted net asset value at September 30

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED Banki of Ireland Fund Mgrs Ltd (1200)F Stank of Ireland Fund Mgrs Ltd (1200)F St Queen St London FDR 180 (1-7942)0 Set L Oven St 129 7 134 S 147 7 9 301 70 Set L Oven St 129 7 134 S 147 7 134 S 147 7 9 301 70 Set L Oven St 129 7 134 S 147 7 135 7 135 S 91364 1201 1484 0 51151 93795 377 56420 0 7725 93765 778 56420 0 7725 93768 7168 779310 23 25 1 Mgart Seris Ltd (120018 1 Ladac ECIM 277 0 15787364 951 48 94 2657 467673 73 954 16 54 556 56.791 0 75 75 I.G INDEX LTD. 9-11 GROSVENOR GARDENS. LONDON Tef: Q1-828 7233/5699 Reuters Code: IGIN, IGID FT 30 FTSE 100 WALL STREET Oct. 1498/1507 +5 Oct. 1845/1855 +5 Nov. 2163/2175 -1 Dec. 1503/1512 +4 Dec. 1851/1861 +3 Dec. 2168/2180 -2 Prices taken at 5pm and change is from previous close at 9pm **CROSSWORD** No. 6,770 Set by CINEPHILE

- ACROSS

 1 Youngsters, as they say, bound to fashion of knowledge? (6.8)
- 10 Boy and girl philosopher (5) 11 Light up? One sings in series (6,3)
 12 States solvers showing scep-
- ticism (4.3)
 13 Poem with direction for
- either sex? (7)

 14 Bird that gives lifts? (5)

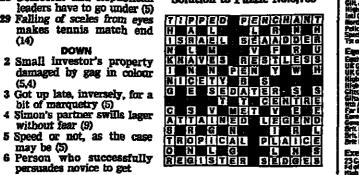
 16 King changed oil on vehicle used by old broadcasters (9)

 19, 20 Principle official work: be fond of Europeans and send back sick person (4,5,5)
- 22 County and not people (7) 25 Cat with permitted view of
- UK minister (3,4) 27 A posh cheese: it turns to a
- flower (9) 28 Democrat and Republican leaders have to go under (5)
 29 Falling of scales from eyes
- makes tennis match end 2 Small investor's property damaged by gag in colour
- (5,4) 3 Got up late, inversely, for a bit of marquetry (5)
- 4 Simon's partner swills lager without fear (9)
- 5 Speed or not, as the case

- involved with the Royal College of Nursing (9)
 7 Girl – otherwise I go in (5) 8 Genuine, from the Sappers' time? (7) 9 Medicine is a singular sci-
- ence (6) 15 Sex in pool causes big dis-
- turbance (9)
 17 Endure and prepare? You may catch it if you don't!
 (4,5)
- 18 Goat island goes against the
- grain (9)

 19 Cord with attachment,
 never mind what, in fat (7)

 21 Foot's story? (6)
- 23 Pictorial pun about trans-24 Hangman's vessel (5) 26 Lady with two mothers (5)
- Solution to Puzzle No.6,769



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GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust information pages is being expanded to improve the service to readers and to conform with new legislation. INCLUDE. CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

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FREWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no
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Other coplanatory notes are contained in the last column of the FT that Trust Information

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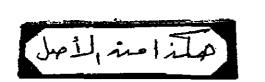
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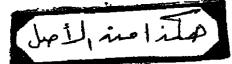
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling retreat

THE DOLLAR and sterling retreated against a strong Japanese yen and the D-Mark yesterday. Economic news has not been favourable for the dollar this week, and dealers were reluctant to hold sterling, ahead of today's publication of UK trade figures.

Weak US data and nervousness about the UK economic picture encouraged a move into the harder currencies.

The preliminary estimate of third quarter US Gross National Product growth was 2.2 p.c., compared with 3.0 p.c. in the second quarter. Economists expected a stronger figure, of at least 3.2 p.c., with

forecasts ranging up to 4.0 p.c.
This follows an equally disappointing fall in September
US durable goods orders, announced on Tuesday, and points to a marked slow down in the US economy. A rise in US interest rates now appears unlikely, and this led to selling of the dollar yesterday. The dollar fell to a technical

support point of around Y125.70 against the yen, compared with Y126.80 on Tuesday. Earlier in Tokyo dealers said there was little chance of the US currency moving out of its established trading range, or falling below Y126.00. Nevertheless sentiment was

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already moving against the dollar, and this trend was

reinforced by the GNP news. in terms of European curren-cies, the dollar fell to DM1.7740 from DM1.7905; to SFr1.5040 from SFr1.5185; and to FFr6.0600 from FFr6.1175.

On Bank of England figures, the dollar's exchange rate index declined to 94.9 from

Sterling failed to compete with currencies such as the yen and D-Mark, which are supported by strong economic data. Mr Nigel Lawson, Chancellor of the Exchequer, gave assistance to the pound, with his comments in the House of

Commons on Tuesday.
The Government's policy of high interest rates, to combat inflation, should continue to underpin sterling, but yester-day's dollar sell off also encouraged a move out of the pound, on increased nervous-ness about today's UK trade September trade figures.

According to a survey by MMS International, the September visible trade deficit is

unlikely to be much different from the August shortfall of £1.8bn, giving an unchanged current account payments defi-

cit of £1.3bn. In its present mood the market would probably regard such figures favourably however, against fears that the visible deficit could exceed £2bn.

Sterling rose 65 points to \$1.7600, but fell to DM3.1225 from DM3.1400; to Y221.25 from Y222.25; to SFr2.6475 from SFr2.6625; and to FFr10.6650 from FFr10.7275.

According to the Bank of England, the pound's index fell 0.2 to 76.0.

Other important data to be announced today are the French trade figures for September. These are expected to show an improvement over the August deficit of FFr9bn. Speculation that the trade

gap may shrink to FFrebn has helped support the French franc in the EMS. There was no sign of support by the Bank of France yesterday, as the franc improved against a strong D-Mark.

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S Fr.	9.378	0.665	1.179	83.57	4.028	1	1329	879.2	0.797	24.7
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B Fr.	1.528	2.689	4.772	338.1	16.29	4.046	5.378		3.225	100.

Yes per 1,000: Fresch Fr. per 10: Lira per 1,000: Beiglan Fr. per 100

MONEY MARKETS

Rates up at tender

INTEREST RATES were forced higher at the West German Bundesbank's securities repurchase agreement tender, but there was no adverse impact on the interbank market. Call money eased slightly to 4.75 p.c. from 4.775 p.c., moving into line with the highest rate paid at the tender.

The lowest accepted bid at the variable rate tender was 4.35 p.c., compared with the

UK elearing bank base lending rate

previous fixed rate of 4.25 p.c. Banks paid up to 4.75 p.c., for the allocation of DM11bn.

The 28-day pact has resulted in a net drain of DM1bn in liquidity from the market, as a DM12bn agreement expired yesterday, but this loss of liquidity, and the Bundes-bank's decision to hold a variable rate tender, is not regarded as a move to tighten credit policy, because it has been offset by a rise of DM5bn in the amount that banks can borrow at the 3.5 p.c. discount rate, under the rediscount quota facility.

There is no sign that other central banks in Europe believe the Bundesbank is trying to tighten monetary policy. The Bank of France, with a relatively weak franc to

defend, kept its money market intervention rate unchanged on Tuesday, and the Belgian National Bank, also with a vul-nerable currency in the EMS, cut its key three-month Treasury certificate rate by 0.05 p.c. to 7.25 p.c. yesterday. One-month and two-month rates were reduced by the same amount, to 7.10 p.c. and 7.15 p.c. respectively.

In London interest rates moved defensively higher in early trading. Three-month interbank rose to 12½-12½ p.c., but then eased back to close unchanged at 12½-12½ p.c., after the third quarter US GNP figure indicated there is unlikely to be a rise in US

interest rates. The Bank of England initially forecast a money market credit shortage of £450m but revised this to £500m at noon. Total help of £515m was pro-

Before lunch the authorities bought £500m bills, by way of £182m bank bills in band 3 at 11% p.c.; £263m Treasury bills in band 4 at 11# p.c.; and £55m bank bills in band 4 at 11# p.c. Late assistance of £15m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury hills drained £385m, with a rise in the note circulation absorbing £70m. These outweighed Exchequer transac-

FINANCIAL FUTURES

US bonds end well below peak

TRADING WAS quiet on the Liffe market yesterday, with little interest shown in sterling denominated contracts, ahead of the September UK trade figures today.

US Treasury bond futures received a boost from the announcement of third quarter US GNP growth of only 2.2 p.c., against 3.0 p.c. in the second quarter, but finished well

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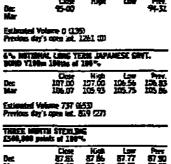
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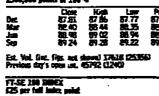
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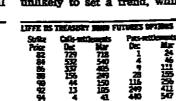
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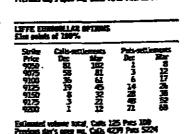
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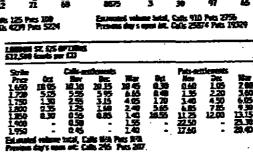
below the day's high. December bonds touched a peak of 90-00, before closing at 89-14, compared with 89-04 on Tues-

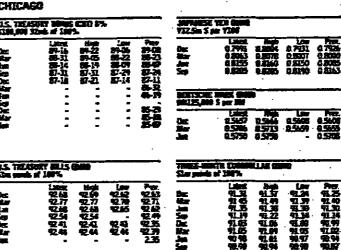
Dealers suggested that looking beyond the bald figure on GNP growth, the news was not particularly encouraging. There was a steep drop in Government purchases, which is unlikely to set a trend, while





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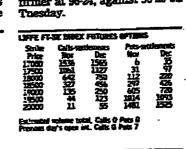


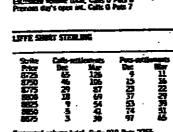


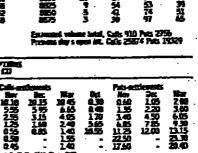
there were still indications that consumption is strong. Short sterling, for December delivery, continued to hold above a technical support point of 87.80, and showed very little

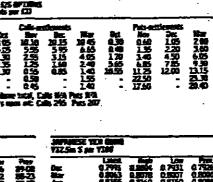
movement, closing virtually unchanged at 87.81.

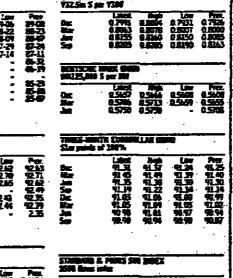
December long gilts recorded little volume, closing slightly firmer at 96-24, against 96-20 on











EUROPEAN OPTIONS EXCHANGE 520 237 12b 44 87 130 254 207 2.50 0.80 2.29 Ą.50 4 TOTAL VOLUME IN CONTRACTS : 49,287

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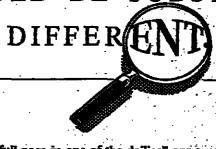
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IF THIS ANNOUNCEMENT HAD BEEN TWICE THE SIZE, YOUR IMPRESSION OF US WOULD BE SUBSTANTIALLY



"Take a full page in one of the dailies" our agency advised. "Colour. Lots of illustrations" they added meaningfully.

We disagreed. We felt such extravagance simply wouldn't be us. It might - dare we say it - suggest a less value-conscious

And careful, fruitful management of institutional funds is, after all, something we do rather well.

In any case, our results speak for themselves. An average return of 18% p.a. over the 5 years from 1983 to 1987. A return of 5% in 1987 that was due to a prudent reduction in UK equities prior to the October Crash, and good UK equity stock selection.

And, over longer periods, equity and bond results that have been well above the average returns from independent performance surveys over the past 5 years. Nor does it take many words to explain our fund

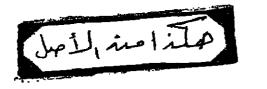
management methods. We simply aim to buy where we perceive that there is

unrealised or unrecognised value. The rest is down to the experience and specialist knowledge of our fund managers, and the hours they put in visiting and

talking to UK and overseas companies. If our value-led approach sounds right for you, please call

either Keith Percy or Jane Wright on 01-628 6070. Without wishing to make an extravagant announcement, we think you'll be favourably impressed.

> PHILLIPS & DREW **FUND MANAGEMENT** LIMITED



Shares tense ahead of UK trade news

son's reaffirmation of inten-

LONDON'S EQUITY market remained a prey to currency and economic uncertainties yesterday, 48 traders trimmed ing's announcement of the UK Lest Seeings: their books sheed of this morntrade figures for September, an event anticipated with little optimism. Weakness in the optimism. Weakness in the American dollar in the wake of the US third quarter GNP statistics checked an early gain in UK exporting stocks, and overshadowed any response from

the pound to the latest com-ments on monetary policy from Mr Nigel Lawson, the UK Chancellor of the Exchequer. City forecasts for today's UK trade figures remained discom-forting, with the median range

Share prices opened higher as the market scanned Mr Law-

tions to continue using domestic interest rates to control inflation. Once again, market indices were affected by sharp gains in a handful of leading issues. Consolidated Gold Fields moved higher as the referral of Minerco's 12.9bn bid to the UK Monopolies Commis-sion inspired bints that Norands, the Canadian mining and metals group, might be interested in Gold Fields; traders of predictions seeing little if any improvement from the 21.5bn deficit on current account recorded for August A larger deficit number for Sepout that yesterday was expiry day for the crucial October options in Gold Fields shares, a factor which could have prompted an element of tember could upset the equity

Heavy trading in Lonrho shares indicated renewed buying, bringing suggestions from traders of a new appearance of Mr Asher Edelman, the US bid arbitrageur who has already turned a profit in the shares.

The early rise in the market took the FT-SE Index through the 1850 mark in fine style, but the gain was soon trimmed and the index spent the rest of the scenion jousting with this sup-port level on the equity charts. At the close, the Footsie was 2.9 up at 1850.7, still an unconvincing performance from a market clearly unable to estab-lish a trend until the trade figures announcement is out of Seaq turnover of 481.3m shares compared with 575.3m on Tuesday, and was boosted by helty turnover in a handful of special situation stocks. Prime among them was Racal Telecommunications Group (RTG), the long-her-alded flotation of the Vodsfune interests of Racal Electronics. RTG opened for trading on both sides of the Atlantic at

1.30pm London time, attracting substantial interest, with the US, as predicted, "hoovering up the shares" on offer from the UK side, according to leading share traders.

Banking shares remained unsettled by the implications of Lloyds move to pay interest on current accounts

after recent presentations to a number of brokers and a "buy"

FINANCIAL TIMES STOCK INDICES High Law 89.08 89,76 84,78 127.4 105.4 50.53 (28/11/47) (3/1/75) 1349.0 (8/2) 1926.2 49.4 (16/7/87) (26/6/40) 312.5 S.E. ACTIVITY

Ord. DI. Yield Earning Yid %(furt) P/E Ratio(Neil)(*); SEAQ Bargaine(Som) Equity Turnovér(Im)? Equity Bargains? Shares Traded (mi)? 4,64 11.88 12.37 23,495 933 44 23,625 325.3 4,67 11,76 10,30 23,939 995,26 25,037 415,4 4.60 4.60 4.80 11.58 11.54 11.93 10.47 10.49 10.28 25.231 25.464 45.378 1120.80 1984.76 1832.31 25.536 25.781 58.079 414.9 452.2 723.4 23.654 Equity Bargains
Equity Value
5—Day average
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Equity Value ●Opening ●10 am, ●11 am, ●12 pm. ●1 pm. ●2 pm. ●3 pm. ●4 pm. 15048 15087 15077 15080 15085 1504.8 1502.8 1503.9 168.7 DAY'S HIGH 1508.3 DAY'S LOW 1501.8

TRADING VOLUME IN MAJOR STOCKS

Beals 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, 1981 10.27 (Excluding Intra-market

Single Constant of the the state of the stat

ity in the traded options mar-ket where 280p call options

were particularly sought after.

the lower profits were mostly

due to £1m-worth of develop-ment expenditure. County Nat-

West WoodMac has issued a

"buy" note on FR Group, say-ing there is every justification

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US backs Racal Telecoms

The London stockmarket debut of Racai Telecommunications Group (RTG), which consists of the highly successful Vodalone division of UK group Racal Electronics, was viewed_by dealers as a success. The desiers as a success. Ine shares, offered for sale at 170p, were initially quoted at 178p-181p by Goldman Sachs, which handled the issue jointly with N M Rothschild, but at lower prices by other marketmakers: Citicorp Scrimgeour Vickers opened with a quote of 175p-. The shares eventually set-

CHIPACTS: 4729

NG RATES

- C₁,

tled at 176p. There was particularly heavy buying interest from US houses, notably Goldman Sachs itself, confirming recent views that US investors chase RTG stock from the out-set. There was a steady stream of seiling by London brokers which was mopped up readily by Goldmans, one

Some 5m RTG shares-changed hands in the first three minutes of trading with volume expanding rapidly to 39m in the first half-hour and to around 50m shares for the first full hour of trading. By the close of business, turnover totalled 67m shares.

Racal Electronics, however. suffered from "switching" operations into the new stock, and dipped to end the session a net 7 lower at 298p on turnover

Deal wrapped ap

"A very interesting deal", was analysis description of the proposed merger of the packag-ing interests of MB Group, for-merly Metal Box, with Car-naud, the French concern-"With Europeanisation plans for 1982 looming, it makes good sense to be hig", commented Ms Chris Monroe of Hoare Govett, pointing out that estimated turnover of £2bn would make to be named CMB Packaging, Europe's largest packaging

group.
CGIP, Carnaud's 44 per cent
shareholder, and MB will each own 25.55 per cent of the new group. MB will also receive £240m cash under the terms of a complex deal, valuing Metalbox Packaging at £780m.

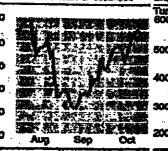
Some analysts see the merger as defensive, but others commented that the move reduces MB's dependence on packaging, allowing it to con-centrate on its remaining businesses which have scope for expansion. "MB management will no doubt spend the money wisely and I suspect the shares, suspended yesterday at

FT-A All-Share Index

Appeart Dealing Dates

Nau 27 .

Dec 5



273 kp, will return higher".

Back in the fray

The Seaq ticker worked over-time yesterday recording another session of hope bar-gains in Lourho. Following several sizeshle deals, a trans-action of 4m shares fizshed across the screens, alerting marketmakers to the likelihood that a serious buyer had returned to the market.

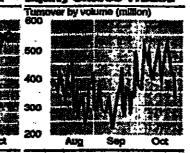
group, headed by Mr Alan Bond, is legally prevented from using more Lourho stock until tomorrow.
Attention then turned else-

where and rumours soon surfaced that Mr Asher Edelman, the New York corporate raider then sold a 4.8 per cent holding in Lourho, had rejoined the party. Lesser players became involved and volume increased steadily as the price rose. The efter turnover of 24m.

Rothmans International birst ligher, with some sources attributing the sudden activity to belated recognition of the proposed deals involving two major US tobacco compa-nies. Others ascribed the strength of the shares to a UK house over-stretching itself and experiencing difficulty in

Rothmans. An arrangement exists between the two compa-nies for right of first refusal if either group wishes to sell its holding Rothmans is therefore a relatively illiquid stock and is prone to sharp movements either way. The shares yesterday changed hands at 464p before closing 16 up at 469p, with volume amounting to

Equity Shares Traded



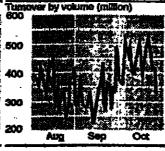
Speculation immediately focused on Bond Corporation, which owns a near 15 per cent state and could be looking to increase it. However, traders pointed out that the Australian

who recently assembled and shares settled 24% up at 378%p

Rothmans rise

Rembrandt and Phillip Mor-ris together command 68 per cant of the voting rights of

2.4m. International stocks traded in subdued fashion ahead of today's trade figures and third-quarter results from ICL ICI fell 7 to 1058p in moderate turnover of 1.1m shares. The



range of forecasts is £245m. E350m for the quarter, with kieinwort Benson Research yesterday upgrading its fore-cast to the higher figure.

Dealers were unimpressed by ramours linking ICI with the US group Roser which has been rising strongly on takeover speculation. Beecham was mentioned earlier in the week as a possible predator of Roser, but dealers said that looked unlikely and its charge fall I to unlikely and its shares fell 1 to

Unilever continued Tues-day's good form, rising 7% to 487'sp in a thinnish market. The premium on the NV stock in the Netherlands narrowed

There was little interest in insurance stocks. Lifes showed a majority of minor falls, with traders still pervous over fri-day's expected re-listing of Abbey Life; the latter were suspended last Friday ahead of news of the proposed link-up with Lloyds Bank which, if approved by Abbey shareholders on November 14, would see control of Abbey pass to Lloyds. The feeling in the mar-ket yesterday was that Abbey shares could well return around the 275p to 280p level. compared with the pre-sum sion price of 294p, to choke off attempted selling by disap-pointed speculators in the

Redland dipped 5% to 440%p amid market whispers that a rights issue could accompany the interim figures due today. Sears gained 2% to 184%p on turnover of 5.1m after a large line of stock - said to be as much as 5 per cent of the comchanged hands outside the market in the morning. News later came through that War-burg Securities and Smith New

Court had been requested by Sears under section 212 of the Companies Act to reveal on whose behalf they were holding the company's stock.

Sears played down the impli-cation of its move, saying that it has been issuing 212 requests at regular intervals in recent months and, further, that it did not believe that one buyer was behind either of the stakes held by the brokers. The latest

tion that a management buy-out is being prepared at Sears. Ward White fell 8 to 280p after two leading houses downgraded their profits forecasts for the diversified stores and diy group. County NatWest WoodMac reduced its estimates for the coming year from £84.5m to £80m, while BZW reduced its forecast from £85m to £78m, both because of falling

Both houses hisme the slowdown on higher mortgage rates, Mr John Richards, senior stores analyst at County, noted that whereas sales growth was running at over 10 per cent for the year up to September, it has fallen to around 4 per cent in the past two months.

GEC attracted turnover of

9.8m and the shares touched 174p before closing a net 2 higher at 172½p. Dealers and analysts ignored "old" stories of a possible deal with Hanson and pointed to a chart "buy" d and the recent spate of positive analysis' notes on the

clectronics group.

They also said that GEC had been holding numerous meetings with institutions and broking houses. In the back-ground, according to market stories, are persistent rumours that GEC could well try another bid for Plessey, if such a move received Ministry of Defence approval. fence approval. Pleasey shares responded to

the current round of bid ruments and moved up 3% to 167p on turnover of 5.3m shares — "any selling is being mopped up in double quick time," one trader said. Plessey, scheduled to reveal interim fig-ures on November 17 — BZW is forecasting £80m £68.2m - recently flatly denied stories of stake-building by

French group Alcatel.

AB Electronic leapt 16 to
463p amid talk of a lunch at
Klienwort Banson. Logica,

NEW HIGHS AND LOWS FOR 1988

MENN MORES (100).

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Neb., Joseph (L.), Robachidi (J.) Hidge.,

BERTHEROS (1) Ruspy Grp., CHEMICALE
(3) Alan, BASP AG, Schering AG, STORES
(2) Dunhil Hidge., Thort & Britan,

ELECTRICALE (6) GEC., Prestwick Tiggo
PL., Twis. Rendes, Tremed Scientific,

BERCHEROM (3) Aline Corv., Equ., Hell

Eng., Hampson & Spo. Net PL '94-GJ., Threese,

Wagoot Rocase's, ROUBSTRALE (8) ASC.,

Christies Int., Covers de Gr., Kernisev
(A.), Hampson & Spo. Net PL '94-GJ., Threese,

Wagoot Rocase's, ROUBSTRALE (8) ASC.,

Christies Int., Covers de Gr., Kernisev
(A.), Henrisen Grp., Socit Hobertson,

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PROVESTY (1) Tradeor Park, Serbysko.

(7) See Cordelors, TEXTILES (7) Paime

Grp., TORACOOS (1) Reshpance, Textisters

(2) American Tat., Carabrian & Gen., Cone.
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Intel LOWIS (24).
Admittached (2) Enton Corp., Tennas Instr.,
CANADIANS (1) Ento Bay Mines, \$100ES
(1) Summer Ind., ELECTRICAL 2)
Northorism Ind., ELECTRICAL 2)
Northorism Ind., Tat. Corp., Tennated Grp.,
EMANUSEMENT (1) TAT., PROPERTY (2)
PLANTAYING (1) Porem In & Stand.,
PAPERS (1) Sert Coverin, PROPERTY (2)
PLANTAYING. TOBANCE (Tg., Trust of Prop.,
TRUSTE (2) Amelgamented F. Inva., Int.
City Holgs., OLS (2) Monarch Pat., Norsk
Hydro, MENES (9) Doornforsion, Sectric
Mines, Genes Int., Nortice Tation.

APPOINTMENTS

Mowlem shipbuilding posts

MOWLEM REGIONAL CONSTRUCTION has appointed two divisional managing directors for its shipbuilding businesses. Mr Philip Aaron has been appointed managing director of the McTay Marine division at Bromborough. He was deputy managing director. Mr Mike Brodie becomes managing director of the James N. Miller division at St. Monans. He was director and general manager.

Mr J.S. Grover has been appointed a non-executive director of GOLD CROWN FOODS, Liverpool. He recently retired as vice-chairman of the international division of the Guidehouse Group.

Mr Ian Locks, at present executive director of the Association of Free Newspapers, is to become chief executive of the PERIODICAL PUBLISHERS ASSOCIATION, a new post. He will take up his appointment early in 1989.

■ Joining the board of THE SPECTATOR (1828) as non-executive directors are Mr Andre Deutsch, Sir Owen Green, chairman of BTR, Mr Ludovic Kennedy, Mr Perdinand Mount and Mr Patrick Sheehy, chairman of BAT industries.

The MILTON KEYNES DEVELOPMENT CORPORATION has appointed

Mr Nigel Thorne, formerly assistant director of planning and marketing services with Peterborough Development Corporation, as its new strategic planning manager from November 1. Mr Lealie Parrott, formerly

with the Dunlop Precision Rubber Company, has joined GOODWIN HARSBY, Leicester, as financial director

■ The new secretary of the INSTITUTION OF INSTITUTION OF PRODUCTION ENGINEERS, and chief executive of the INSTITUTION OF INDUSTRIAL MANAGERS is Mr Gordon J. Rawlins. He is a brigadier on the British defence headquarters staff in Germany.

Mr P.M. Madders (hon, secretary, National Conference of Friendly Societies) has been re-elected chairman of the FRIENDLY SOCIETIES LIAISON COMMITTEE. Mr J.F. Lambeth (hon. secretary, Association of Collecting Friendly Societies) was re-elected hon, secretary of

Mr Christopher Odom has been appointed group finance director of DERWENT VALLEY HOLDINGS. He joined from the corporate fianance department of London & Continental Bankers.

FKI BABCOCK has

Control of the Contro

appointed Mr Eddie Bartlett as managing director of DRI Holdings, which is part of the electrical products group of the company. He was financial director of Stone International UK Operations, another group company. Mr John Watkins has been appointed managing director of FKI

Communications, also in the electrical products group. He was managing director of two subsidiaries of Commins Engines - Turbo International and C.V. Units.

Mr Bernard R. Weatherill has been appointed a non-executive director of A. COHEN & CO. ML Holdings

restructures subsidiaries

■ Following the acquisition by ML HOLDINGS of Lifeguard Equipment, which is to change its name to ML Lifeguard Equipment and incorporate the security equipment activities of Wallop Industries and the aircrew equipment activities of ML Aviation, the following appointments have

been made.
Mr V. Colin Andrews becomes
managing director of ML
Lifeguard Equipment - ha was
managing director of Wallop Industries and a director of ML Aerospace and Defence. Mr Ian W. Downie is made managing director of Wallop Industries and joins the board of ML Aerospace and Defence. He was finance director of ML.



mr Mike Marsden, executive director of Unity Trust Bank, has been appointed city general manager of the Manchester-based CO-OPERATIVE BANK. He will retain his responsibilities at Unity Trust Bank, which was established in 1984 by the Co-operative Bank and major trade unions.

Aviation, Mr William F. Brown, managing director of ML Douglas Equipment, joins the board of ML Aerospace and Defence. Mr Edward N. Lang, finance controller, is promoted to finance director of ML Douglas Equipment. ML Aerospace and Defence has established a defence advisory group under the chairmanahip of Air Marshal Sir Peter Horsley, chairman of ML Holdings. Major General David Goodman and Rear Admiral Benjamin Perowne become the first members of

recommendation by County NatWest, were 10 better at 383p. International Informa-tion, on the other hand, dropped 9 to 41p after a profits Geest rose 9 to 268p as the shares were aggressively chased by one marketmaker.

The recent hurricane in the West Indies is expected to dis-rupt banana supplies, but analysts thought that Geest will be less affected than its competitors. Kwiksave rose 6 to 370p, with an aggressive buyer reported on the inter-dealer brokers screens, while Bejam closed 4% higher at 171%p as bid rumours resurfaced.
Cautious comment after

Tuesday's figures dragged Reazer down 6% further to 178%p, but Cannon St Investents rose 10 to 277p on the plans to float off Betacom; funds managed for clients of Baillie Gifford hold 6.74 per cent of Cannon St.

Wolseley responded to another set of impressive annual profits and the shares closed up 6 at 258p. Magnolia gained 8 to 145p and Norfolk House 9 to 175p, but Wassall retreated 10 more to 223p and Myson 8 to 177p as hid hopes

Yale & Valor fell 15 to 343p, after 328p, with one marketma-ker said to be forcing the stock lower amid rumours of possi-Trusthouse Forte rose

strongly, gaining 61/2 to 266p in turnover of 3.2m shares. A late rumour that THF might be considering a bid for Club Med-iterranean failed to deter its progress, although dealers also pointed to a high level of activ-

to expect a marked increase in second half profits.

Among properties, Regent-crest slipped 3 to 111p after announcing a rights issue of 8.6m ordinary abares to help pay for the £12m acquisition of Mount Charlotte rose 1 to 168p. It was confirmed after trading that IEP Securities, the investment vehicle favoured by Sir Ron Brierley, now has a 7.03 per cent stake. Vellington Investment. International City Holdings siumped 23 to 102p after reveal-FR Group were a good mar-ket and gained 11 to 226p, with ing annual profits below the most pessimistic estimates and a cut in the dividend payment. volume boosted by a large buyer in the morning who paid M&G, in contrast progressed, stimulated by news that sales of unit trusts last month were between 215p and 223p for 300,000 shares. The company reported a drop in first half profits on Tuesday and although the figures disap-pointed, analysts noted that

> igher at 247p. Activity in traded options was boosted to a high level by dealings in stocks with an October expiry date, which

the highest for a year. Britisl

& Commonwealth resumed the

recent recovery, gathering

momentum late to end 11

out of positions in Gold Fields October 1100 calls was a feature, though an early count of open interest suggested that several hundred contracts, each for 1,000 shares, remained to be exercised in this series. Overall turnover came to 47,420 contracts, made up of 33,048 calls and 14,372 puts. Gold Fields attracted calls of 2,042 in total, and 911 puts. The closing of October call positions in the stock, however, found a counterpart in an expansion of open interest in the January 1200 calls, in

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 31

which there was turnover of

478 contracts.

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lot has happened since the Crash last October. But not everything has changed.

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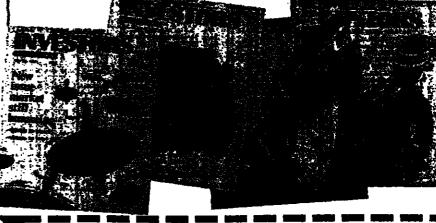
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Expiry date ____ Signature ___

Company/Private Address ___ Postcode _ Nature of Business _

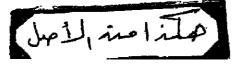
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NSURANCES

COMMODITIES AND AGRICULTURE

Tin producers agree to extend export quotas

Producing Countries has agreed to extend strict export controls for a further 12 months after the present 1988-89 accord expires in February, reports Reuter from

Abuja.
"The conference agreed that
the supply rationalisation
scheme be continued for a further period of 12 months," said a statement issued on Tuesday at the end of a two-day conference in the Nigerian capital.

All participating and supporting countries have complied with the scheme, which is aimed at cutting stocks overhanging the market to about 20,000 tonnes, it

The association said new total and individual export quotas would be decided at a session of its executive council in January. Non-members Brazil and China expressed willingness to continue participation in the accord.

The present scheme limits exports to 101,900 tonnes in 1988-89. Brazil has said it intends to increase its 26,500-tonne quota by 3,000 rising production.

Brazil was the second largest producer in the world last year after Malaysia. This year it expects to be number one, with production of 40,000 tonnes.

Tuesday's statement did not announce any increase in Brazil's quota, but some delegates said the members could do little to prevent it.
The association explained

that afurther substantial reduction in stocks was still needed. "Total overhanging stocks at the end of the second supply rationalisation period (in February 1989) are expected to be some 23,900 tonnes in excess of what the conference considered to be normal levels," it said. Stocks at the end of July 1988 had been reduced to 44,000 tonnes, compared with 73,000 tonnes when supply controls started

in March 1987. The overhang of tin stocks resulted from the collapse in 1985 of the International Tin Council's buffer stock operations.

The Abuja conference reiterated the importance of estab-lishing an International Tin Study Group to take over some of the work of the Londonbased tin council, which ceases its statistical and data gathering functions in June this year after most of its funds were frozen by the UK High Court. Association members also

noted that a report on research

and development would be discussed in January. The next ministerial confer ence of the ATPC, which comprises Malaysia, Indonesia, Thailand, Australia, Zaire, Bolivia and Nigeria, will be held in Bangkok in October

In Kuala Lumpur yesterday, Malaysian tin miners and traders said the extension of export controls would aid prices in the long term.
On Wednesday, however, the
Kuala Lumpur tin market

failed to respond to the associa-tions's decision, although traders hailed it as a wise The tin price declined by 19 cents to close at 19.33 ringgit a kilogram, in line with an easier close in London due to weak demand. The European free market price was down £30 yesterday at £4,132.50 a tonne.

Warning to aluminium users

By Kenneth Gooding, Mining Correspondent

THE EUROPEAN aluminium industry faced new risks caused by the growing separation of primary aluminium production areas from the metal's main consuming markets, said Mr Theodor Tschopp, chairman of the European Aluminium Association, last night.

He pointed out that most of the world's new aluminium smelter capacity was being installed in areas where cheap energy was being offered, based on hydro-electric power available in abundance - in Australia, Venezuela, Brazil or

Primary aluminium was a US dollar-based commodity so "if the European aluminium industry continues to become shorter in its supply, the impact of exchange rate fluctuations will worsen," he said at the UK Aluminium Federation's annual dinner in

"Furthermore, nobody can guarantee that in the longer term governments of energyrich countries will not declare their so-called cheap electricity a national resource and develop an Opec-type pricing

Tschopp added. Another serious problem that the industry had still to solve was the extremely wide fluctuation in aluminium ingot

policy for their metal," Mr

Having no captive market of their own, independent new producers sell their metal to the London Metal Exchange or to traders who have become an important factor in the aluminium business.

*Of course, they are interested in prices which move up and down, Mr Tschopp said. But do we, as an industry, fully realise the great danger of erratic price

"Our customers in many industries, such as the automotive, are working with product planning cycles of up to ten years. There is no doubt the nervously oscillating aluminium prices invite such customers to switch over to alterna-tive materials with more stable price patterns," said Mr

Mr John Sangster, president of the UK Federation, pointed out that in real terms the aluminium price currently was no higher than it was in

He said aluminium scrap was fetching more than £1,000 a tonne and yet the European Commission in its draft Waste Directive was seeking to classify it as a "waste

> The UK Federation was lobbying against this "discriminatory legislation."

WEEKLY METALS PRICES

All prices as supplied by Metal Bulletin (last week's prices in

ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 2,145-2,180 BISMUTH: European free

market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse. 5.50-5.95 (5.65-5.95). CADMIUM: European free

market, min. 99.5 per cent, \$ per lb, in warehouse, ingots

5.50-6.70 (5.70-6.70), sticks 5.50-6.70 (5.70-6.70).

COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 7.00-7.25 (same). MERCURY: European free market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, 300-320 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, \$ per lb Mo, in warehouse, 3.48-3.52 (same). SELENIUM: European free

COCOA Extonne

Close

794

812

Previous High/Low

804 779

796 775 797 779 810 794

market, min 99.5 per cent, \$ per lb, in warehouse, 9.25-9.50

TUNGSTEN ORE: European free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO, cif, 54-62 (same). market, min. 98 per cent, VO,

cif, 5.90-6.20 (same). URANIUM: Nuexco exchange value, \$ per Ib, UO, 14.15 (same).

LONDON WINTAL EXCHANGE

.99.5% purt

1350-60

1250-60

1812-7 1822-4

Copper, Grade A (£ per to

Aluminium, 99.7% purity (5 per tonne)

1370-80

1870-4 1873-5

Brazilian company sells gold forward

By John Barham in Sao

COMPANHIA VALE do Rio Doce, Brazil's biggest mining company, has raised \$258m by selling 15 tons of its future gold production to local investors. The state-owned company will use the money to finance its strategy of diversifying away from iron ore to

The sale is equivalent to about half CVRD's forecast production over the coming five years. It expects to be producing 12 tons of gold a year by 1993. The final stage of the sale,

begun earlier this month, was completed at a seven hour auction on Tuesday. At the auction, the company accepted an average 4.4 per cent discount against the current local gold

The gold bonds will mature between 1990 and 1992. Company officials said the sales raised \$20m more than expected. Fears of hyper-inflation have driven gold prices up all this month. Investors can choose to

redeem their gold bonds, which are denominated in 250 gram units, either in gold or cash. Investors wanting cash will earn 8.2 per cent real interest a year - less than half market interest rates. Like other state companies,

CVRD investment budget is being squeezed tightly by Gov-ernment spending cuts.

Analysts still expect coffee quota rise

By David Blackwell

AN INCREASE in the International Coffee Organisation's total world export quota remains likely before the end of the year, analysts in London

Yesterday - the first day that an increase could have taken place under the ICO agreement reached at the beginning of this month - the composite 15-day average price for October 25 was announced as 113.63 cents a lb. It needed to be above 114.40 cents for the quota to be lifted by 1m bags (60 kg each) to 57m bags this

However, the composite daily price had risen to 114.90

The sheer complexity of the coffee quota agreement for this year has left world markets extremely cautious, and buyers have been slow to come forward in what is traditionally the strongest quarter of the year. In addition the 58m

bag quota has been seen in the market as too large to force prices up, considering that for prices up, considering that for the year ending September only 51.5m bags were exported. The quota had originally been set at 58m bags but a series of cuts were triggered as prices failed to reach the target

"Consumer demand has not been particularly strong so far," said Ms Brenda Sullivan of GNI, the London commodities trader, yestenday. "Rossiers have been buying hand to

But she saw a good possibility of a 1m bag quota increase late in November or December as demand picked up.

Under the rules, a second tranche of im bags would be added to the total quota if the 15-day indicator price remained more than 114.40 cents a lb for 15 working days after the first increase But Ms Sullivan thinks a second increase is

Mr Neil Rosser, coffee analyst with Landell Mills, described the recent cautious activity in the market as "almost a cat and mouse game. He pointed out that during the first quarter no quota cuts were allowed that worries a lot of people," he said. "It's psychologically important to see a bottom

But the market now had evidence that the bottom had been reached, and it did not need a hig increase to take it over the trigger price for a

established."

quota increase.

Any increase that is triggered will be made up entirely of "other mild", or arabica, coffee if the 15-day average price for robustas remains more than 25 per cent below the 15-day average price for "other milds". Yesterday the differential was 29.45 per

However, the rules of the agreement change from James ary 1. From then the ICO walk-once again be defeating a page range of 120 to 140 counts a la-with quota cuts being triggered. if prices do not reach the defence level.

The prospective change is the rules is itself contributing

to instability in the mark analysts believe. The rule were designed to satisfy consumers designed that many top quality archics coffee should be available, and that the premium over the less Into present the large transfer of the reduced. But the market sees little point in the first quarter of the year, only to start reducing it in the second.

The agreement has here duced increased micerials into an already macertain may ket," said Mr Rosser. A deal as complicated as this cannot be good for any market."

Forestry Commission hopeful on planting target

By Bridget Bloom, Agriculture Correspondent

THE BRITISH Government's target of planting 33,000 hectares of new forests a year could well be achieved despite uncertainties created by changes in the financial regulations governing the industry, Mr Gwynn Francis, director general of the Forestry Commission, indicated yester-

Mr Francis told the House of Commons Select Committee on Agriculture that up to the end of September applications to forestry. Mr Gerry Wiggin, its

plant some 20,000 ha of new forests had been received under the new grant system introduced in June

At that rate, though some applicants might withdraw or might not be given permission to plant, the Government's planting targets could easily be met, Mr Francis suggested.

He was giving evidence in the first day of hearings by the all-party Committee in a new enquiry into land use and

he believed the Governm decision, announced in the budget last March, to abolish tax incentives on forestry investment had undermin confidence in the industry.

The Government abolished the controversial tax incentives, which had favoured the planting of conifers on marginal land, and introduced higher grants for planting both conifer and broadlesved woodland while taking incestry

Conservative chairman , said out of the tax system expected to last fatil the

ser, with a report due in inty.

D The House of Lords Select
Committee on Science and
an interim Technology, in an interim report on agricultural research, has recommended that the Agricultural and Food sarch Council (APRC) b erged with the Natural E reament Research Council.

Experts stress need for irrigation improvements

Montague Keen reports on an international conference in Dubroynik.

the popular belief that the world's rising population can be fed without a major extension of irrigation.
In speeches to 700 specialists

attending a recent conference of the International Commission on Irrigation and Drainage in Dubrovnik, Yngo-slavia, they acknowledged the failure of many irrigation systems to function efficiently. and spoke of the need to concentrate on improving existing projects rather than creating new ones. But they argued that, despite criticism from environmentalists, there was no alternative to a massive extension of land available to grow food, at the expense of trees, and for irrigation to play a major role in the struggle to

eed the world. 12 years hence there would not

1400/1395

1400-1

1860-2 1857-9

HREE INTERNA- feed but also demand for extra TIONAL experts have food from the 500m at present vigorously challenged seriously under-nourished. He said food output would have to increase by 40 per cent over the next 15 years to satisfy this

> Latest FAO studies of 93 developing countries showed that, of the planned increases in food output, 15 per cent was due to come from increasing the number of crops harvested annually from the same fields. 63 per cent from higher production through the use of more fertilisers and pesticides, more water and better water management, while nearly a quarter would be from expanding the existing area of cultivable land.

However, marginal land was already being over exploited he said, and it was widely-held that there was now little extra suitable land available for food Professor J. Nemec of the production. Obviously, there-UN Food and Agriculture fore, expansion would have to Organisation pointed out that be at the expense of forests. "Deforestation is not a recent depressed world food

only be an extra Ibn mouths to popular word," he went on, prices had been used in the

(Prices supplied by Amalgameted Metal Trading)

AM Official Kerb close Open Interset

Ring turnover 10.650 tonne

Ring ternover 3,150 toone

Ring turnover 43,350 torms

17,654 lots

25,557 lots

82,586 lobs

Ring turnover 0 tonne

33 lots

Ring turnover 0 czs

434 lots

10,170 lots

Ring turnover 3,800 tonne

Ring turnover 540 tonne

Ring turnover 12,800 tonne

5,819 lobs

but there are different ways to deforest, and you can increase production in other districts. But an area one and half times the size of France will have to be brought into production - and this does not take into account changes in the composition of the globel atmosphere through the greenhouse effect."

Mr Guy Le Moigne, a World Bunk agricultural expert said that in Southeast Asia, where most of the world's irrigated and was located, irrigation had contributed 60 per cent of the dramatic growth in food output during the past three decades, but just as it had ben-efited from the higher food prices prevailing during the 1970s, so irrigation was now suffering from their decline. This was reflected in a fail

from an annual investment of \$1.2hn to fund agricultural development in the Third World in the 1974-76 period to only \$870m in 1985-1987. If

calculations which led to in major projects in the 1870s, instead of the more two-suit levels then prevailing many of the more recent irrigation projects would not have been sizered. Mr Le Moigne warned that

there was no second Green Revolution just over the horison. He could not see say major impact on agricultural productivity arising from current agro-technology breakthroughs until the Zist century. And severe curitonmental pressures to curtail self-erosion and limit defurestation erosion and limit descretaments would be bound to reduce the rate of agricultural expension. Disregard of environmental considerations in the design

and running of many irrigation schemes had resulted in soll salinity, waterlogging through rising water tables as a result drainage, silitation, and even management and maintenance

farmers, had falled to contrib-

CREIDE Of. (Light) 42,000 US gails Stherrel

and maintenance costs. thereby aggravating the neglect of maintenance. Professor Marvin Jensen Brector of the Colorado Insti tute for Water Hamagement and honorary president of ICHI, also emphasized the growing importance of efficient water utilisation in a work which most seriously limited agricultural production. He emphasized that integrated lands has

provided greater tetures than investment in dry land or tale. ded farming; but with irrighter hald expanding at less that:

per cent strangly while population in Tube World countrie. was rising at over 2 per contribution of the contribution sensit have to contribute arising schemes. His call damaging effects on human in order to close the gal health. All too often the between projected and actual intended beneficiaries, the crop yields, was echeed in

Chicago

WORLD COMMODITIES PRICES

Dec. 21

COPPER, zinc and aluminium prices fell on the LME yesterday. Copper teatured general selling and liquidation in afternoon trading. Dealers said the market was still in need of a substantial downward correction, as recent reversals had been half hearted. There were still many holders of long positions who would be looking to take profits at any opportunity. Zinc prices closed near tion lows, depressed by copper. Three-month metal fell to \$1,445 a tonne before closing at \$1,447, down \$20.50. Analysts said charts indicate decline down to test support at \$1,420 a tonne was now possible. In the medium term, however, prices should

move higher, aided by constructive

weakness in copper.

SPOT MAINCEYS

kındamentals, dealers said. Akıminium

also declined, although dealers said prices held up tairly well in view of the

LONDON MARKETS

OLO: WHILEFT		
Crude oil (per berrel FOB)		+ or -
Dubal Sees Disard	\$10.23-0.33×	
Brent Blend W.T.L (1 pm est)	\$12.09-2.18z \$13.29-3.32x	+0.05
Off products	*	
(NWE prompt delivery per	tonne CIF)	
		+ cr -
Premium Gasoline	\$180-183	
Ges Oil	\$115-116	+25
Heavy Fuel Cili Naphtha	\$57-69 \$132-135	+2 +5
Petroleum Argus Estimates		
Other		+ 07 -
Gold (per troy az)	\$407.0	-0.25
Silver (per tray azide	623c	-2
Platinum (per troy cz)	\$636.75	+6.25
Patiacium (per troy oz)	\$122.60	-0.40
Aluminium (free market)	\$2475	+10
Copper (US Producer)		-4.5
Leed (US Producer) Nickel (free market)	40c 525c	+5
Tin (Europeen free merket)		-30
Tin (Kuala Lumpur market)		-0.19
Tim (New York)		-3.0
Zinc (Euro, Prod. Price)	\$1437.50	
Zinc (US Prime Western)	70%s	
Cattle (live weight)?		-0.58"
Shoop (dead weight)† Pigs (live weight)†	152.55p 72.77p	+ 16.3° -1.09°
London delly suger (raw) London delly suger (white)		-5.8 -4.0
Tate and Lyle export price		-4.0
Barley (English tend)	£109.5z	
Maize (US No. 3 yellow)	£125.5v	+0.5
Wheat (US Dark Northern)	Σ116.5w	-1.25
Rubber (spot)♥	58.50p	+1.00
Rubber (Dec)♥	65.25p	
Rubber (Jan) 🖤 Rubber (KL RSS No 1 Nov)	65.75p	+ 1.0
		- 135
Coconut oil (Philippines)§ Paim Oil (Malayslan)§	\$570w \$435u	+25
Copra (Philippines)§	\$370	- 2.0
Soyabeans (US)	\$184	-1
Cotton "A" Index		-0.30
Wooltops (64s Super)	650p	

CCO h	ndicator p	rices (SOR	is per tonne). Dal 031.48):10 day ave
unqe K Ide for	Oct 26: 1	1023.70 (1 1000.54 (985	25).
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	Close	Previous	High/Low
Nov	1121	1140	1146 1120
lan	1131	1137	1145 1130
vley Vley	1135 1135	1141 1141 ,	1144 1131 1141 1131
Ny Sep	1138 1143	1146 1150	1145 1134 1148 1148
CO inc	licator pr	ices (US c	i 5 tonnes ents per pound) fo (114.05); , 15 da
DCL 24: INEFEC	Comp. (113.63 (38119 114.90 113.66),	(114.08); . 15 da
	•		
			 -
Raw	t (\$ per to Close	Previous	High/Low
Dec	243.00	238.0T	246.00
Mar	235,60	230.80 224.60	235.20 235.80
May Aug	229.80 225.00	224.60 220.20	230.20 223.20 225.40 218.80
Oct .	222.60	218.00	223.00 216.40
White	Close	Previous	High/Low
Dec	279.00	274.00	
Mes	267.00 263.50	263.00 260.50	257.00 251.00 264.00 258.00
Mey Aug	262.00	260.50	259.40
Dec Mar	260.50 261.00	250.00 258.00	258,50 250,00
			lots of 50 toppe
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Paris- 1620, A	White (Fi	Aug 1600.	Oct 1595, Dec 159
	L \$/torne		·
AS C	L \$/toring	Previous	High/Low
BAS OI	L S/torme Close 115.00	Previous	High/Low 117.25 114.50
BAS OF	L \$/tonne Close	Previous	High/Low 117.25 114.50 118.75 115.50 118.76 117.00
Nov Dec Jan Feb	Close 115.00 116.00 117.50 118.00	Previous 113.00 114.75 116.00 115.75	High/Low 117.25 114.50 118.75 115.50 119.75 117.00 119.26 118.00
GAS OI Nov Dec Jen Feb Mar	Close 115.00 116.00 117.50 118.00 118.50	Previous 113.00 114.75 116.00	1925 114.50 118.75 115.50 118.75 117.00 119.25 118.00 117.50 115.50
SAS OF	Close 115.00 116.00 117.50 118.00 118.50 112.50 112.25	Previous 113.00 114.75 116.00 115.75 112.50	High/Low 117.25 114.50 118.75 115.50 119.75 117.00 119.25 118.00 117.50 115.50 115.00 112.50 115.50 112.25
Nov Dec lan Feb Mar Apr	Close 115.00 116.00 117.50 118.00 115.50 112.60	Previous 113.00 114.75 116.00 115.75 112.60 113.00	198h/Low 117.25 114.50 118.75 115.00 119.25 118.00 117.50 115.50 115.00 112.50
Nov Dec Jen Feb Mar Apr May Jun	Close 115.00 116.00 1178.00 118.00 118.50 112.50 112.25 113.00	Previous 113.00 114.75 116.00 115.75 112.50 113.00 113.00	High/Low 117.25 114.50 118.75 115.50 119.75 117.00 119.25 118.00 117.50 115.50 115.00 112.50 115.50 112.25
Nov Dec Jen Feb Mar Apr May Jun	Close 115.00 116.00 1178.00 118.00 118.50 112.50 112.25 113.00	Previous 113.00 114.75 116.00 115.75 112.50 113.00 113.00	High/Low 117.25 114.50 118.75 115.50 119.75 117.00 119.25 118.00 117.50 115.50 115.00 112.25 114.00 113.00
Nov Dec Jen Feb Mar Apr May Am	Close 115.00 116.00 1178.00 118.00 118.50 112.60 112.25 113.00	Previous 113.06 114.75 116.00 115.75 112.50 113.00 113.00	High/Low 117.25 114.50 118.75 115.50 119.75 117.00 119.25 116.00 117.50 115.50 115.00 112.25 115.00 112.25 114.00 113.00
Nov Dec Jen Feb Mar Apr May Jun Turnow	Close 115.00 116.00 117.50 118.00 118.50 118.50 112.25 112.25 113.00 7396 (6	Previous 113.00 114.75 116.00 115.75 112.50 113.00 113.00 1728) lots of	High/Low 117.25 114.50 118.75 115.50 119.75 117.00 119.25 116.00 117.50 115.50 115.00 112.25 115.00 112.25 114.00 113.00
Nov Dec Jen Feb Mar Apr May Am Furnov Marathi	E. \$/torne Close 115.00 116.00 117.50 118.00 118.50 112.50 112.25 113.00 or 7396 (5	Previous 113.00 114.75 116.00 115.75 112.60 113.00 113.00 1726) lots of	199h/Low 117.25 114.50 118.75 115.75 118.75 117.90 119.25 118.00 117.50 115.50 115.00 112.50 115.00 112.25 114.00 113.00 100 temmes 189h/Low 107.00 108.45
SIAS OF	E. S/torme Close 115.00 116.00 117.50 118.00 115.50 112.25 113.00 or 7396 (6	Previous 113.00 114.75 116.00 115.75 112.50 113.00 113.00 Previous 108.40 110.60	High/Low 117.25 114.50 118.75 115.50 119.75 117.00 119.25 116.00 117.50 115.50 115.00 112.25 115.00 112.25 114.00 113.00
Nov Dec Jen Feb Mar Apr May Am Furnov Marathi	E. \$/torne Close 115.00 116.00 117.50 118.00 118.50 112.50 112.25 113.00 or 7396 (5	Previous 113.00 114.75 116.00 115.75 112.60 113.00 113.00 1726) lots of	High/Low 117.25 114.50 118.75 115.50 119.75 117.00 119.25 118.00 117.50 116.50 115.50 112.25 114.00 113.00 100 tennes

JFFEE			High/Low		Jen.
	Close	Previous			52hr
lov	1121	1140	1145 1120		
lan lan	1131	1137	1145 1130		Ç
der Jay	1135 1135	1141 1141 ,	1144 1131 1141 1131		3 m
lly -	1138	1146	1145 1134		عما
Sep	1143	1150	1148 1148		Ças
Umove	ur. 3442 (2	1023) lots o	5 tonnes ents per poun (114.06); , 1		3 m
CO ind	licator pri	ces (US c	ents per poun	d) for	Md
)Ct 24:	Comp. c 113.63 (1919 114.50 112 661	(114.00); , 1	5 day	Cas
r-en #9/4	, come f	ı ıcıcıyı			3 m
					25,
Non	t (S per to	one)	-		Ças
ten.	Close	Previous	High/Low		3 m
Эвс	243.00	238.00	246.00		
Mar	235.60 229.80	230.80 224.60	235.20 225.80 230.20 225.20	2	
Way Nug	225.00	224.50 220.20	225.40 218.80		
)cr .	222.60	218.00	228.00 218.40		PO1
White	Close	Previous	High/Low		
Dec	279.00	274.00	· A		Nov
yec Yex	267.00	274.00 263.00	267.00 261.00		Nov Feb
May	263.50	260.50	267.00 261.00 264.00 258.00	5	Apr
Auto	262.00	260.50	259.40		Tun
Dec Mar	260.50 261.00	250.00 258.00	258.50 250.00		
					201
Vinite 1 Jaris-	1343 (1599 White (Fi	7. Fr per ton) lots of 50 to ne): Dec 1700	, Mer	
Vinite 1 Jaris-	1343 (1599 White (Fi	7. Fr per ton		, Mer 1590	Feb Apr
Afrike 1 Saris- 1620, M	1343 (1596 White (Fi lay 1605,	7. Fr per ton	ne): Dec 1700	, Mer 1590	Feb Apr Jun
Afrike 1 Saris- 1620, M	1343 (1595 White (Fi lay 1605, L \$/torne	7 - Fr per ton: Aug 1600, (ne): Dec 1700 Oct 1585, Dec	1590	Feb Apr Jun Turi
Africa 1 Paris- 1620, M	1343 (1596 White (Fi lay 1605, L S/torme	7 - r per toni Aug 1600, (ne): Dec 1700 Oct 1585, Dec	1580	Feb Apr Jun Turi
Miles 1 Paris- 1620, M	1343 (1596 White (Fi lay 1605, L \$/tonno Close 115.00	Previous	High/Low 117.25 114.50	1590	Feb Apr Jun Turr
Afrite 1 Paris- 1620, M BAS Of	1343 (1595 White (Fi lay 1605, L \$/tonne Close 115.00 116.00	Previous 113.00 114.75	Ne): Dec 1700 Oct 1585, Dec High/Low 117.25 114.50 118.75 115.50	1580	Feb Apr Jun Turi Fill
Afrike 1 Paris- 1620, M 1620, M 1620, M 1620, M	1343 (1595 White (Fi lay 1605, L \$/tonne Close 115.00 116.00	Previous 113.00 116.00	Ne): Dec 1700 Oct 1585, Dec High/Low 117.25 114.50 118.75 115.50	1580	Feb Apr Jun Turi Fill
Afrike 1 Paris- 1620, M IAS Off lov lec en	1343 (1595 White (Fi lay 1605, L \$/tonne Close 115.00 116.00	Previous 113.00 114.75	Pegh/Low 117.25 114.50 118.75 115.50 119.25 116.00	1580	Feb Apr Jun Turr Cost Nov Jan Apr
Afrike 1 Paris- 1620, M 1620, M 160 160 160 160 160 160	1343 (1596 White (FI lay 1605, L \$/torme Close 115.00 116.00 117.50 118.00 115.50 112.60	Previous 113.00 114.75 116.00 115.75 112.50 113.00	High/Low 117.25 114.50 118.75 115.00 119.75 115.00 119.25 118.00 117.20 115.00 115.00 112.00	1590	Feb Apr Jun Turr FRE Oct Nov Jun Apr
Afrike 1 Saris- 1620, M BAS Of lov Joe San Sar Joe Sar Joe Sar Joe	L S/torme L S/torme Close 115.00 116.00 117.50 118.00 112.25	Previous 113.00 114.75 116.00 115.75 112.60	Pight_ow 117.25 114.50 118.75 115.60 118.75 115.60 119.75 117.00 117.50 116.50 115.00 112.25	, Mer 1590	Feb Apr Jun Turr Cost Nov Jan Apr
Afrike 1 Saris- 1620, M BAS Of lov Joe San Sar Joe Sar Joe Sar Joe	1343 (1596 White (FI lay 1605, L \$/torme Close 115.00 116.00 117.50 118.00 115.50 112.60	Previous 113.00 114.75 116.00 115.75 112.50 113.00	High/Low 117.25 114.50 118.75 115.00 119.75 115.00 119.25 118.00 117.20 115.00 115.00 112.00	, Mer 1590	Feb Apr Jun Turr FRE Oct Nov Jen Apr Jul BFI
Affilia 1 Paris-1 1620, M 1620, M 1620, M 1620 1621 1621 1621 1621 1621 1621 1621	1343 (1596 White (FI lay 1605, L S/torne Close 115.00 117.50 118.00 112.50 112.50 112.50 112.50	Previous 113.00 114.75 115.00 115.75 115.00 115.00	Pight_ow 117.25 114.50 118.75 115.60 118.75 115.60 119.75 117.00 117.50 116.50 115.00 112.25	, Mer 1590	Apr Jun Turi FRE Nov Jun Apr Jul BFI
Affilia 1 Paris-1 1620, M 1620, M 1620, M 1620 1621 1621 1621 1621 1621 1621 1621	1343 (1596 White (FI lay 1605, L S/torne Close 115.00 117.50 118.00 112.50 112.50 112.50 112.50	Previous 113.00 114.75 115.00 115.75 115.00 115.00	Pigh/Low 117.25 114.50 118.75 115.60 118.75 115.60 119.75 117.60 119.75 116.80 117.50 116.80 115.60 112.25 114.00 113.00	, Mer 1590	Feb Apr Atm Turn FREE Nov Jan Apr Turn
Arrite 1 Paris 1 1620, M 1620,	1343 (1596 White (FI lay 1605, L S/torne Close 115.00 117.50 118.00 112.50 112.50 112.50 112.50	Previous 113.00 114.75 115.00 115.75 115.00 115.00	Pigh/Low 117.25 114.50 118.75 115.60 118.75 115.60 119.75 117.60 119.75 116.80 117.50 116.80 115.60 112.25 114.00 113.00	, Mer 1590	Feb Apr Jun Turn FREE Oct Nov Jun Turn Turn Turn Turn Turn Turn Turn Tu
Arite 1 Paris	343 (1566 White (FI lay 1605, L \$/torme Close 115.00 116.00 117.50 112.50 112.50 112.50 112.50 112.50 112.50 112.50 113.0	Previous 113.00 114.75 115.00 115.75 115.00 115.00	Pigh/Low 117.25 114.50 118.75 115.60 118.75 115.60 119.75 117.60 119.75 116.80 117.50 116.80 115.60 112.25 114.00 113.00	, Mer 1590	Feb Apr Jun Turn FRE Her Jul Birl Turn Silver Silve
Arrite 1 Paris-	343 (1566) White (FI lay 1605, L \$/torme Close 115.00 117.50 118.00 117.50 112.50 112.50 112.50 112.50 112.50 112.50 112.50 112.50 112.50 112.50	Previous 113.00 114.05 116.00 115.75 112.60 113.00 113.00 1728) lots of	High/Low 107.00 tomes High/Low 117.25 114.50 118.75 117.00 119.25 118.00 117.50 112.50 114.00 112.00 100 tomes	, Mer 1690	Feb Apr Jun Turn FREE Will Silv Silv Inc.
Milita : 12 Paris - 12	343 (1596) White (FI lay 1605, L S/tonne Close 115.00 116.00 117.50 118.00 115.50 112.25 113.00 or 7396 (5	Previous 113.00 114.75 116.00 114.75 112.60 113.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00	Pegh/Low 117.25 114.50 118.75 115.50 118.75 115.50 119.75 117.00 117.50 116.50 115.50 112.25 114.90 113.00 100 tennes	, Mer 1690	Feb Apr Jun Turn Turn Apr Jul Turn Will Will Will Indian I
Milita i Paris Varis Varis Varis Varis Varis Varis Varia Var	343 (1566) White (FI lay 1605, L \$/torme Close 115.00 116.00 116.00 115.50 112.25 113.00 px 7396 (6	Previous 113.00 114.75 112.60 113.00 115.75 112.60 113.00 115.00	High/Low 117.25 114.50 118.75 115.55 118.75 115.50 119.75 115.50 119.75 115.50 115.50 112.25 114.90 117.90 119.95 114.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90	, Mer 1690	Feb Apr Jun Turn FRE Will Sile In
Minite : 1820, N Minite	343 (1596) White (FI lay 1605, L S/torme Close 115.00 116.00 117.50 118.00 112.50 112.50 112.50 112.50 112.60 112.60 112.75 113.00 x 7396 (6	Previous 113.00 114.75 116.00 114.75 112.60 113.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00	High/Low 107.00 108.45 117.25 114.50 118.75 117.00 119.75 117.00 119.75 118.00 117.20 118.00 117.00 108.45 111.10 110.10 114.10 113.00	, Mer 1690	Feb Apr Jun Turn Turn Jul BiFl Turn Sili man ba
Mitter 1 (1) (1) (1) (1) (1) (1) (1) (1) (1) (343 (1566) White (FI lay 1605, L \$/torme Close 115.00 116.00 116.00 115.50 112.25 113.00 px 7396 (6	Previous 113.00 114.75 116.00 114.75 112.60 113.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00	High/Low 117.25 114.50 118.75 115.55 118.75 115.50 119.75 115.50 119.75 115.50 115.50 112.25 114.90 117.90 119.95 114.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90 117.90	, Mer 1690	Feb Apr Jun Turn Turn Apr Jul Birl Turn is in an abay by
Mitter 1 Paris Par	343 (1596) White (FI lay 1605, L S/torme Close 115.00 116.00 117.50 118.00 112.55 113.00 × 7393 (5	Previous 113.00 114.75 112.60 115.75 112.60 113.00 115.85	High/Low 107.00 108.45 117.25 114.50 118.75 117.00 119.75 118.00 117.25 118.00 117.20 118.00 115.50 112.25 114.00 113.00 100 tennes 107.00 108.45 111.10 113.10 114.00 113.00 116.60 118.30	, Mer 1690	Feb Apr Auror Turn FREE Will Silver S
Mitter 1 (1974) 1974 1974 1974 1974 1974 1974 1974 1974	343 (1566) White (FI lay 1605, L S/torme Close 115.00 116.00 117.50 118.00 112.50 112.25 113.00 × 7366 (6 Close 107.00 114.10 114.10 117.20 118.60	Previous 113.00 114.75 112.60 115.75 112.60 113.00 115.85 Previous Previous Previous Previous Previous Previous Previous Previous	High/Low 167.00 108.45 117.25 114.50 118.75 117.00 119.75 117.00 119.75 118.00 117.25 118.00 117.20 118.30 110.00 tommes 107.00 108.45 111.10 110.10 114.10 113.00 117.20 117.00 118.60 118.30	, Mer 1690	Feb Apr Jun Turn FREE William Silver
Mitter 1 Artistics	343 (1566 White (FI lay 1605, 1500 Hz 1605, 1500 Hz 17.50	Previous 113.00 114.75 116.00 115.75 116.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00	High/Low	, Mar 1690	Feb Apr Jun Turr FREE William Apr Jun 1997 Turr William Apr Jun 1997 Turr William Apr Jun 1997 Turr Ap
Minite : 1820, N Minite	343 (1596) White (FI lay 1605, 1 \$/torme Close 115.00 116.00 117.20 118.00 112.25 113.00 × 7398 (6 Close 107.00 111.10 117.20 118.60 Close 103.85	Previous 113.00 114.75 115.75 115.75 115.75 115.75 115.75 115.75 115.80 113.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00	High/Low 107.00 108.45 114.00 113.00 117.25 114.50 118.75 115.50 119.75 118.00 117.25 118.00 117.20 115.50 116.50 112.25 114.00 113.00 100 townes 107.00 108.45 111.10 110.10 114.10 113.00 114.10 113.00 114.10 113.00 114.10 113.00 114.10 113.00 114.10 113.00 114.10 113.00 114.10 113.00	Mer 1690	Feb Apr Jun Turs Turs William Share
Mitter 1 Artistics	343 (1566 White (FI lay 1605, 1500 Hz 1605, 1500 Hz 17.50	Previous 113.00 114.75 116.00 115.75 116.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00	High/Low	Mer 1690	Feb Apr Jun Turn FRE Will Sile In

	4 (NG-10)	e ivez	-	1010-0	TOOUR TO IT	, ,	//~B	
	Copper,	Stenden	d (£ per to	rane)				
74r	Cesh Jen. 4	1655 1605		1770-80 1660-70			10-20 10-50	
120	Silver (U	IS cents/	fine ounce	e)				
130	Cash	616-6)	619-22		625	5-6	,
131	3 month	s 629-3	22	632-5			-40	
131 134	Lead (2	per tonn	e)	-				
148	Cash 3 month	380-1 s 381-2		375-7 378-9	385/380	382	13 T	
ee. r pound) for	Nickel (3							•
); . 15 day	Cash	1175	0-800	11600-800	11800/110	100 115	00-700	•
	3 month	s 1070	0-60	10650-800	10700/10		60-700	
	Zinc (\$ p	er tonne	1)					
	Cash 3 month	1550 1446		1590-800	4 4 4 4 4 4		0-2	
	2 month	- 1940	<u> </u>	1465-70	1470/143	146	0-2	
26.80 23.20 18.80								
216.40	POTATO	ES \$/100				LONDO		
,		Close	Previous	High/Low		Gold (fit		
_	Nov	51.0	57.0	50.0 49.9	*****	Close		
1.00	Feb	65.0		63.0 62.9		Opening	. 7	į
9.00	Apr	95.7		95.7 95.3		Morning		
				40 tonnes.		Atternor Day's h		
0.00	SOYABE	AN MEA	1 Litonne			Day's k		
tonnes.		Close	Previous	i High/Low		Coins		
700, Mer	Dec	168.00	167.00	166.00 165.		Meplele		
ec 1590	Feb Apr	170.50 170.00	173.00 173.00	174.00 170. 170.00	50	Britanni Na Essa	. 4	
	yen Apr	161.00	164.50	161.00 160.	50	US Eagl Angel	e 4	
				20 tonnes.		Krugerra	and 4	
		<u> </u>	ES \$10/1nd			New Sor Old Sov		
		Close	Previous			Noble P		
· ·	Oct	1373	1374	1373		Silver fi	t p	
10	Nov	1434	1448	1441 1429		Spot		
00	Jen	1476	1490	1487 1469		3 month		
.00 .50	Apr	1515	1527	1525 1514		6 month	s 3	
50	Jul	1315 .	1324	1315		12 mont	has 3	
5	明	1364	1363					
)0	Turnover	286 (33	8)					
						•		
	MOOF							
	WITH W	KOPLD V	MOOL man	kets steady to	I			
	r ellenthe		mariina co	aniithne in ce	nerel P			

Gold (fine oz)	ALION MARKE	
		£ equivalent
Close Opening	405%-407% 407%-407%	231 k-232 k
Morning fix	407.50	232,326
Afternoon fix	407.40	231.175
Day's high	40812-409	
Day's low	4084-4074	
Coins	\$ price	£ equivalent
Mapleleaf	419-424	238-241
Britannia	419-424	238-241
US Eagle Angel	419-424	238-241
Krugerrand	418-423 408-409	237 ¹ 2-240 ¹ 4 230 ¹ 2-232 ¹ 2
New Sov.	954-964	54 4-65
Old Sov.	82.4°48.4°	5414-55
Noble Plat	552_10-558,50	315.05-318.80
Silver fix	p/Sne cz	US cts equit
Spot	356.20	625.00
3 months	367.80	636.70
6 months	378,20 369,00	651.85 660.10

Ì	LONDON METAL EXC	HATCH	TRA	DED Q	PTION
۱ ا	Aluminium (99.7%)	G	alis		uts _
.	Strike price \$ tonne	Nov	Jan	Nov	Jan
	2900	143 73	171 129	13 43	161 217
ı	2500 .	30	95	100	252
Į	Copper (Grade A)	C	ejië	P	UIS
٠.	2900 3000	273 188	206 185	9 24	229 287
	3200 .	40	404	109	

further gains. Cocoa prices fell slightly in a choppy session. Origin selling in coffee kept prices down in fight volume. The grain markets all posted surprising gains after opening. unchanged. Commercial buying mid-session helped soyabeans 612 cents. The meat markets all fell sharply as a negative out of town storage report weakened the pork belly market. Prices closed limit down in tett its decline falling over 80 points each. Cotion trading featured heavy commission house activity as prices

fell over 75 points. In the energy markets, crude oil prices bounced around for most of the day before

US MARKETS

ACTIVITY in the metal markets was

very quiet except for copper, prices

Burnham Lambert. Trade and

nued to trade in a wide range

before closing down 340 points in the

ion house profit-takir

contributed to the decline. In the soft

commodities, sugar prices advanced

were again met around 1045 to ease

25 in March as trade and local buying

kept the market firm. Resistance levels

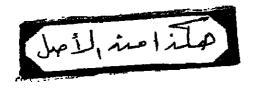
New York GOLD 100 troy oz.; \$7troy oz.

	Close	Previous	High/Low						
Oct	408.3	406.4	407.5	407.A					
Nov	408.G	407.3	•	6					
Dec	411.1	409.4	4:18	409.5					
Feb	418.2	414.5	416.8	414.7					
Apr	421,A	419.8	421.7	420.0					
JUR	425.5	425.0	42 7.\$	4250					
Aug	432.0	430.5	ē	ā					
Oct	437.5	436.0	0	0					
Dec	443.0	441.5	442.5	442.5					
PLATE	1471 50 t	roy oz, Silto	y oz.						
	Close	Provious	High/Low						
Oct	53£4	536.3	540.0	537.0					
Jan	535.4	535.3	540.0	533.5					
Арг	538.9	537.Q	540.5	634.6					
Just	541.7	541.8	543.5	543.5					
Oct	548.7	547.3	548.5	548.5					
Jan	553.2	553.8	0	0 .					
SELVE	R 6,000 to	dy est contr	Viroy oz.						
	Close	Previous	High/Low						
Oct	622.4	622.1	825.5	625.5					
Nov	623.4	623.4	_	0					
Dec	627. 8	627.8	633.0	626.0					
ببطل	632.7	632.7	634.7	694,7					
Mar	642.4	642.4	647.5	641.Q					
May	652.0	652.0	856.0	663.5					
Jul	662.2	652.2	866.0	659.0					
Sep	572.1	672.1	0	¢ .					
Dec	687.3	587.3	601,0	699.6					
Jan	6821	692.1	8	0 .					
COPP	COPPER 25,000 lbs; cents/lbs								
	Close	Previous	High/Low	 -					
0ct .	138.10	139.40	139.70	136.50					
Nov	134.10	738.40	0	130.3KU					
Dec	131.00 .	134,40	135.85	130.80					
Jan	125.20	128.40	0	0					
Mar	112.40	115.40	116.30	712.00					
May	108.40	110.00	111.10	108.80					
اييل	705.00	105.70	106.80	106.08					
Sep	102.20	103.70	0	0					

101.50

101.00

Dec	Lations	Previo	≥e High/L	-	. ====				
	13.23	13.26	13.64	13.16	- 201		2,008 \$11.10)	tr; contac i 000	bushel
jen	13.25	13.26	13.60	13.18		Close	Previo	os - Highl	
Feb	13.38	13.31	13.65	13.26	Nov	768/0.		770/0	7524"
Mer	13.40	13.38	18.70	13.35	Jan.	7940	776/4	79576	750/0
Apr May	13.44 13.50	13. 44 13.51	18.77 13.81	13.44 13.50	i i i	795/0	767/6	297/D	770/0
- July	13.58	13.58	13.55	13.55	May		778/0	7994	7826
Jei	13.80	13.65	13.86	13.80	Jur	7974	786/0	796/9	7800
MENS	-	42,000 US			. Ang Sep	789/0 747/0	780/0 740/4	790/0	7729
THE R	ING UL	2,000 05.			- Nov	725/0	717/4	74 9 /0 725/4	739/0, 7(2/4
	Latest	Previou	s High/Le	DW	· ,				- 127
Dec	4150	4001	4265	4130	- 2011		L 60,000 %	Center Ib	
Feb	4135	4124	4256	4135		Close	Previou	m. High/Le	
Mer	3990	- 3030 -	4060 .	4000	Dec	23.57	23.13	23.50	23.02
Apr . May	3750 3668	3759 3864	3660 3760	3780 3680	Jen	23.86	23,40	23.55	23.90
Jun	3860	3514	3725	3660	Mar	24.36	23.91	24.36	23.81
Jul	3650	3609	3650	3850	May Jul	24,77 24,95	24.30	24.60	24.22
200	3A 10 tour	es:S/loan	- · · · · · · · · · · · · · · · · · · ·		. Asg	24.80	24.50 24.40	24.95	24.83
				· <u>· ·- · · ·</u>	Seo	24.96	24.50	24.96 24.96	24.50
	Close	Previous	Hightle		. Oct	24.40	24.10		24.05
Dec	1314	1316	1335	1286	Dec	24,20	23.95	24.40 24.20	24.16
Mar	1284 1294	1280	1302	1263	80Y/	SEAH ME	AL 100 ton	C Silver	
May	1234	1305 1325	1310	1280		" Class			·
Sep	1317 1333 -	1345	1313	1295 1313		Close	Previou	HighEo	●
Dec	1368	1375	1358	1359	Dec	249.2	246.3	250LQ	20.5
Mar	1396	1405	9	a	Jan	248.7	245.7	240.6	243.5
COFF	E 'C' %	,500lbs, ci			May	247.2	245.4 342.2	249.0	243.0
	Ciose			<u> </u>	Jul	242.0	239.0	245.5	240.5 257.5
		Previous	High/Lo	<u> </u>	- Ang	235.0	235.0	238.0	233.5
Dec	126,43	125.71	126.70	125.82	Sep	229.5	236.5	230.0	227.0
Mar	127.29	127.78	127.80	126.80	Oct	222.0	216.5	220.0	22(0
May	126.63 126.50	127.54 127.36	127,55 126,85	120.75	Dec	217.7	214.5	218.0	216.0
Sep	125.50	126.65	128.50	126.50 126.50	MALE	E 5,000 bu	min; canta	56th bushel	27.2
Dec	124,52	125.74	125.00	125.00	7, 37	Close	Previous		
Mar	125.50	126.25	0	. 0	Dec				
CHICA	a Mobile	**** 112,0	MA the co	ote/lb-	Mar	286/4 285/2	274/5	250/6	2734
					May	255/6	279/2 280/4	245/2	27775
	Close	Previous	High/Lo	<u> </u>	Jul	285/4	279/6	205/8 265/4	2792
Jen	10.08	9.88	0	0	Sep	270/0	. 205/6	27070	2052
Mar	10.40	10.15	10.45	·10.11 · · ·	Date	258/4	- 254/4	258/4	2515
May	10.14	9.87	10.15	9.85	Mar	264/6	2504	2800	200
Jul Oct	9.95 9.85	9.73 - 9.62	10.00 9.85	9.72	WHEAT	T 5.000 bu	dalar cont-	/60th-bushe	
Jen		2.52							
		22.8		9.58					
Mar	8.85 9.54	8.65 9.35	D	0 .	- <u></u>	Close	Previous	15gh/Low	
	9.54	9.85	0 9.45		Dec	Close 412/2	Previous 407/4		,
	9.54 20,000	8.65 9.85 centu/iba	D	0 .	Dec	412/2 418/2	Previous 407/4 413/0	1#gh/Low	42474
	9.54	9.85	D	0 9.45	Dec Mar May	Close 412/2 418/2 400/6	Pravious 407/4 413/0 400/0	19gh/Low 41340 42040 40244	,
	9.54 20,000	9.85 centa/los	0 9.45 High/Los	9.46	Dec	412/2 418/2 400/6 360/4	Pravious 407/4 413/0 400/0 366/2	19gh/Low 413/0 420/0 402/4 370/0	4040 4000 3074 303A
COTTO Dec Mar	9.54 2N 50,000; Close 55.39 86.65	9.55 centa/lbs Previous	9.45	9.45 7 55.35	Dec Mar May Jul	Close 412/2 418/2 400/6	Pravious 407/4 413/0 400/0 306/2 371/0	19gh/Low 413/0 420/0 402/4 370/0 373/6	9047 4000 3074 3634 3707
Dec Mar May	9.54 2N 50,000; Close 55.39 66.65 56.00	9.35 centa/fbs Previous 56.18 56.35 56.30	0 9.45 High/Los 56.10	9.46	Dec Mar May Jul Sep Dec	Close 412/2 418/2 400/6 369/4 372/0 380/0	Praviote 407/4 413/0 400/0 306/2 371/0 378/0	19gh/Low 413/0 420/0 402/4 370/0 373/5 383/0	4040 4000 3074 303A
Dec Mar May Jul	9.54 2N 50,000; Close 55,39 66,65 56,00 56,01	9.35 Previous 56.18 56.35 56.30 56.30	9,45 High/Lon 56,10 56,35	9.46 55.36 55.60	Dec Mar May Jul Sep Dec	Close 412/2 418/2 400/6 369/4 372/0 380/0	Praviote 407/4 413/0 400/0 306/2 371/0 378/0	19gh/Low 413/0 420/0 402/4 370/0 373/5 383/0	9047 4000 3074 3634 3707
Des Mar May Jul Out	9.54 2N 50,000 Close 55.39 66.65 56.00 56.01 56.05	9.35 Previous 56.18 56.35 56.30 56.30 56.30	0 9.45 High/Lon 56.10 56.35 56.40 56.45	0 9.45 55.35 55.60 55.80 58.01	Dec Mar May Jul Sep Dec	Close 412/2 418/2 400/8 369/4 372/0 380/0	Previous 407/4 413/0 400/0 306/2 371/0 200 lbt; cer	19gh/Low 4 (3/0 42/0 402/4 370/0 373/0 386/0 Ma/lbs	9047 4000 3074 3634 3707
Des Mar May Jul Out Des	9.54 2N 50,600; Close 55.39 66.65 56.00 56.01 56.65 56.48	9.55 Centa/ibs Previous 56.18 56.35 56.30 56.30 56.30 56.30 56.76	9,45 High/Lon 56,10 56,35 56,45 0 56,95	9.46 9.46 55.36 55.60 65.80 58.01 0	Dec Mar May Jul Sep Dec	412/2 418/2 418/2 400/8 389/4 372/0 380/0 KTTLE 40,0	Pravious 407/4 413/0 400/0 306/2 37/40 378/0 000 lbs; qer Previous	19gh/Low 413/0 420/0 402/4 370/0 373/5 383/0	9047 4000 3074 3634 3707
COTTO Dec Mar May Jul Oct Dec Mar	9.54 2N 50,690; Close 55,39 66.65 56.00 56.01 56.05 56.48 68.75	9.55 Centa/ibs Privious 56.18 56.35 56.30 56.30 56.30 56.30 56.30 56.30 56.30	9 3.45 Highton 56.10 56.35 56.45 0 56.95 0	0 9.45 55.35 55.60 55.80 58.01	Dec May Jul Sep Dec LIVE C	412/2 418/2 400/6 369/4 372/0 \$80/0 ATTLE 40/ Close	Pravious 407/4 413/0 400/0 306/2 371/0 378/0 000 lbs; cer Previous 74.75	19gh/Low 413/0 422/0 402/4 370/0 373/0 360/0 Ms/fbs	9044 9030 3874 3834 3834 3834 3804
COTTO Dec Mar May Jul Oct Dec Mar	9.54 2N 50,690; Close 55,39 66.65 56.00 56.01 56.05 56.48 68.75	9.55 Centa/ibs Previous 56.18 56.35 56.30 56.30 56.30 56.30 56.76	9 3.45 Highton 56.10 56.35 56.45 0 56.95 0	9.46 9.46 55.36 55.60 65.80 58.01 0	Dec Peb	Close 412/2 418/2 400/6 369/4 372/0 380/0 KITLE 40/1 Close 73.90 F4,45	Previous 407/4 413/0 400/0 306/2 375/0 375/0 000 lbs; qer Previous 74.75 75.12	19gh/Low 4 (3/0 42/0 402/4 370/0 373/0 386/0 Ma/lbs	2044 4200 3074 3074 3004 3004 3004
COTTO Dec Mar May Jul Oct Dec Mar	9.54 2N 50,660; Close 55.39 65.65 56.01 56.01 56.05 56.48 68.75	9.55 Centariba Previous 56.18 56.35 56.30 56.30 56.30 56.30 51.32 57.05	9.45 High/Lon 56.10 55.35 56.40 56.45 0 56.95 0	0 2.45 55.35 55.60 55.80 50.01 0 26.30	Dec Mar May Jul Sop Dec Dec Dec Peb Apr	Close 412/2 418/2 418/2 400/6 360/4 372/0 \$80/0 Close 73.90 74,45	Pravious 407/4 413/0 401/0 400/0 306/2 37/40 378/0 000 lbs; qer Previous 74.75 75.12 75.67	19gh/Low 413/0 420/0 402/4 3/73/5 380/0 16gh/Low 74.55 74.65 75.75	2044 4000 3074 3374 3702 3804 73.86 74.27 76.80
Dos Mar May Juli Out Dos Mar ORAM	9.54 20 50,660; Ciose 55.38 55.65 56.01 56.05 56.48 56.75 20 JUICE Ciose	9.85 Centariba Previous 55.18 \$5.35 \$6.30 \$6.30 \$8.82 \$6.76 \$7.05 15,000 lbs; Previous	9.45 High/Log 56.10 56.10 56.40 56.45 0 56.95 0 Cerns/libs	0 2.45 55.35 55.60 55.80 50.01 0 36.50	Dec Mary July Sep Dec LIVE G	Close 412/2 418/2 418/2 400/6 389/4 372/0 \$80/0 ATTLE 40/6 Close 73.90 74.45 73.90	Pravious 407/4 413/0 400/0 306/2 37/40 378/0 000 lbs; cer Previous 74.75 75.87 74.30	19gh/Low 413/0 423/0 4023/4 370/0 373/0 373/0 360/0 14gh/Low 74.65 74.65 74.65 74.15	2044, 4250 3674 3534 3534 3597 3664 74.21 75.85 74.21 76.82
Dos Mar May Juli Out Dos Mar ORAM	9.54 20 50,600 Close 55.39 56.00 56.01 56.05 56.48 56.75 26 FUICE Close	9.25 Centu/ibs Previous 56.18 56.30 56.30 56.30 56.30 58.82 56.76 57.06 15,000 lbs: Previous 186.60	9.45 High/Log 56.10 56.10 56.40 56.45 0 56.95 0 Cerns/libs	9.45 55.35 55.60 56.80 58.80 58.01 0	Dec Mar May July Sep Dec LIVE G	Close 412/2 418/2 400/8 359/4 372/0 \$80/0 KTTLE 40,0 Close 73.90 74,45 76.40 71.40	Pravious 407/4 413/0 401/0 306/2 371/0 378/0 000 lbs; qer Previous 74.75 75.12 75.67 71.30	19gh/Low 413/0 420/0 402/4 3/73/5 380/0 16gh/Low 74.55 74.65 75.75	2044 4000 3074 3374 3702 3804 73.86 74.27 76.80
Des Mar May Jul Out Des Mar ORAM	9.54 24 50,660; Ciose 55.39 86.65 56.00 56.01 56.48 86.75 26 FRICE Ciose 188.80 174.50	9.85 Centu/fbe Prévious 56.18 55.35 56.30 56.30 58.82 56.76 57.05 15,000 lbe; Previous 186.80 174.66	0 3.45 	0 9.45 55.35 55.60 56.80 0 36.90 0 184.50 174.20	Dec Mary July Sep Dec LIVE G	Close 412/2 418/2 418/2 400/6 389/4 372/0 \$80/0 ATTLE 40/6 Close 73.90 74.45 73.90	Pravious 407/4 413/0 401/0 306/2 37/40 378/0 000 lbs; qer Previous 74.75 75.87 74.30 71.90	19gh/Low 413/0 420/0 402/4 370/0 373/5 380/0 45/hbs High/Low 74.55 74.65 74.15 74.15 74.15	2049 4900 3634 3634 3634 3634 3634 70.2 70.2 70.2 70.2 71.2 71.2 71.2 71.2
Dec Mar May Juli Oct Dec Mar ORAM	9.54 2N 50,660; Ciose 55.38 85.65 55.01 56.05 56.48 56.48 56.48 56.78 56.77 174.50 174.50	9:35 Centa/fas Previous 50.18 56:35 56:30 56:30 56:30 56:30 15:000 ibs: Previous 16:45 171.25	0 9.45 56.10 56.35 56.40 0 56.95 0 centeribs 186.30 175.30 175.30	9.45 55.35 55.80 55.80 50.01 0 36.30 184.50 174.20 171.00	Dec Mar May Jul Sep Dec LIVE G	Close 412/2 418/2 418/2 400/6 572/0 580/0 572/0 580/0 572/0 73.90 73.90 73.90 71.90 71.90	Pravious 407/4 413/0 401/0 306/2 371/0 378/0 000 lbs; qer Previous 74.75 75.12 75.67 71.30	19gh/Low 413/0 423/0 4023/4 370/0 373/0 373/0 360/0 14gh/Low 74.65 74.65 74.65 74.15	2044, 4250 3674 3534 3534 3597 3664 74.21 75.85 74.21 76.82
Des Mar May Jul Des Mar Okt De	9.54 24 50,600; Ciose 55.38 65.65 56.01 55.05 56.48 66.75 26 JUICE 186.50 174.50 174.50 177.05	9:35 Centa/Re Previous 56.18 56.30 56.30 56.30 56.76 57.05 15.000 lbs; Previous 166.80 174.65 171.25	0 3.45 	0 9.45 55.35 55.60 58.80 0 96.90 0 97.420 174.20 1774.20	Dec May Jul Sop Dec Feb Apr Aug Sop Cot	Close 412/2 416/2 400/6 400/6 372/0 380/0 372/0 380/0 4171E 40,0 73.90 74.45 75.40 71.90 70.85	Pravious 407/4 413/0 401/0 306/2 37/40 378/0 900 lbs; qer Previous 74.75 75.12 75.87 74.30 71.90 70.98	19gh/Low 413/0 420/0 420/0 420/0 573/0 573/0 380/0 16gh/Low 74/55 74/65 75/75 74/65 8 71/65	2049 4900 3634 3634 3634 3634 3634 70.2 70.2 70.2 70.2 71.2 71.2 71.2 71.2
Dec Mar May Juli Oct Dec Mar ORAM	9.54 2N 50,660; Close 55.39 55.65 55.00 56.01 56.05 56.75 2E FUNCE Close 186.50 174.50 174.50 171.69 170.05	9:35 Centa/fee Previous 56.18 56.35 56.30 56.30 56.20 55.76 57.05 15.000 lbs; Previous 168.60 174.65 171.23 167.60	0 3.45 	0 9.45 55.35 55.60 56.80 0 36.90 0 774.20 174.20 171.00 168.75 168.15	Dec May Jul Sop Dec Feb Apr Aug Sop Cot	Close 412/2 418/2 400/8 500/4 572/0 580/0 580/0 672/0 73.90 73.90 71.90 70.65	Pravious 407/4 413/0 400/0 308/2 371/0 878/0 000 lbs; qer Previous 74.75 75.12 75.87 74.30 71.90 71.90 70.98	19gh/Low 413/0 420/0 420/0 420/0 573/0 573/0 380/0 16gh/Low 74/55 74/65 75/75 74/65 8 71/65	2049 4900 3634 3634 3634 3634 3634 70.2 70.2 70.2 70.2 71.2 71.2 71.2 71.2
COTTO Doc Mary Juli Out Doc Mar ORAM Nov Jen Mary Juli Mary Mary Mary Mary Mary Mary Mary Mary	9.54 2N 50,600; Ciose 53.38 86.65 56.65 56.48 56.48 56.47 56.65 56.47 56.75 56	9:35 Centa/Re Previous 56.18 56.30 56.30 56.30 56.76 57.05 15.000 lbs; Previous 166.80 174.65 171.25	0 3.45 	0 9.45 55.35 55.60 58.80 0 96.90 0 97.420 174.20 1774.20	Dec Mary Jul Sep Dec Cot Live Co	Close 412/2 416/2 400/6 400/6 372/0 380/0 372/0 380/0 4171E 40,0 73.90 74.45 75.40 71.90 70.85	Pravious 407/4 413/0 401/0 306/2 37/40 378/0 900 lbs; qer Previous 74.75 75.12 75.87 74.30 71.90 70.98	19gh/Low 413/0 420/0 420/0 420/0 573/0 573/0 380/0 16gh/Low 74/55 74/65 75/75 74/65 8 71/65	2049 4900 3634 3634 3634 3634 3634 70.2 70.2 70.2 70.2 71.2 71.2 71.2 71.2
COTTO Dec Mary July July Oct Dec Mary ORAMA Nov Jen Mar Mary July Nov July Nov	9.54 2N 50,660; Ciose 55.38 85.65 55.48 55.47 56.47 56.47 56.77 171.50 171.50 171.50 168.25	9:35 Centa/fiba Previous 56.18 56.35 56.30 56.30 56.30 56.30 15.000 lbs: Previous 18.65 171.25 163.76 163.55	0 9.45 56.10 56.35 56.45 0 56.95 0 centeribs 186.30 175.30 175.30 172.96 171.50 166.00	0 9.45 55.36 55.80 56.80 50.01 0 95.50 0 174.20 174.20 171.00 168.75 168.15 166.00	Dec May Jul Sep Dec Dec Dec Peb Apr Jun Sep Cct LIVE Inc.	Close 412/2 418/2 400/5 309/4 37/20 880/0 73.90 73.90 73.90 73.90 73.90 73.90 70.66 30.00 Close 41.27	Pravious 407/4 413/0 400/0 308/2 371/0 878/0 000 lbs; qer Previous 74.75 75.12 75.87 74.30 71.90 71.90 70.98	19gh/Low 41340 4234 4234 37040 37340 38040 Ms/lbs High/Low 74.55 74.46 71.65 8 71.00	2044, 4280 3674 3534 3597 3666 74.21 76.02 71.22 71.22 71.22 71.22
COTTO Dec Mar May Jul Oct Mar Mar Mar May Jul Oct Mar May Jul Mar May Jul May	9.54 2N 50,660; Close 55.39 55.65 55.01 55.05 56.05 56.75 2E .RHCE 188.50 171.50 171.50 177.05 168.25 163.60	9:35 Centa/Re Previous 56.18 56.30 56.30 56.30 56.30 56.76 57.05 15.000 lbs; Previous 168.60 174.65 171.25 169.75	0 3.45 	0 9.45 55.36 55.80 56.80 50.01 0 95.50 0 174.20 174.20 171.00 168.75 168.15 166.00	Dec May Jul Sep Dec LIVE G	Close 412/2 418/2 410/6 352/0 580/4 572/0 580/0 580/0 73.90 73.90 71.90 70.85	Pravious 407/4 413/0 402/0 306/2 37/40 376/0 000 lbs; qer Previous 74.75 75.67 74.30 71.90 70.96	19gh/Low 41340 4234 37040 37340 37340 37340 16gh/Low 74,55 74,46 71,85 8 71,85	2044 4280 3874 3874 3806 74.37 76.38 74.37 76.38 71.32 71.32 71.32 71.32 71.32
COTTO Dec Mar May Jul Oct Mar Mar Mar May Jul Oct Mar May Jul Mar May Jul May	9.54 2N 50,660; Close 55.39 55.65 55.01 55.05 56.05 56.75 2E FRICE 188.50 171.50 171.50 177.05 168.25 163.60	9:35 Centa/Re Previous 56.18 56.30 56.30 56.30 56.30 56.76 57.05 15.000 lbs; Previous 168.60 174.65 171.25 169.75	0 3.45 	0 9.45 55.36 55.80 56.80 50.01 0 95.50 0 174.20 174.20 171.00 168.75 168.15 166.00	Dec May Jul Sep Dec Live Co Peb Apr Jun Aug Sep Oct Live In	Close 419/2 418/2 418/2 400/6 352/0 380/0 372/0 380/0 73.90 73.90 74.40 71.90 70.65 2068 30,000 Close 41.27 43.96	Pravious 407/4 413/0 400/0 306/2 37/40 878/0 878/0 000 lbs; qer Previous 74.75 75.12 75.87 74.30 71.90 71.90 71.90 42.12 45.19 45.19	19gh/Low 41340 4234 4234 4234 37040 37340 38040 4455 74.55 74.15 71.05 80 1100401.00 42.00 44.75	2044 4290 3674 3534 3534 3534 3534 3536 3536 3536 353
COTTO Dec Mar May Jul Oct Mar Mar Mar May Jul Oct Mar May Jul Mar May Jul May	9.54 2N 50,660; Close 55.39 55.65 55.01 55.05 56.05 56.75 2E FRICE 188.50 171.50 171.50 177.05 168.25 163.60	9:35 Centa/Re Previous 56.18 56.30 56.30 56.30 56.30 56.76 57.05 15.000 lbs; Previous 168.60 174.65 171.25 169.75	0 3.45 	0 9.45 55.36 55.80 56.80 50.01 0 95.50 0 174.20 174.20 171.00 168.75 168.15 166.00	Dec May Jul Sop Dec Dec LIVE Go Apr Jun Dec Fab Apr Live Inc.	Close 412/2 418/2 400/6 392/6 372/0 380/0 372/0 380/0 Close 73.90 73.90 71.90 70.65 40.95 44.95 44.95 48.35	Pravious 407/4 413/0 400/0 308/2 371/0 308/2 371/0 000 lb4; qur Previous 74.75 75.12 75.87 71.90 71.90 71.90 41.91 41.97 44.97 44.97 44.97	19gh/Low 413/0 420/0 402/4 370/0 373/5 380/0 45/5 74.65 74.65 74.65 74.65 74.65 75.75 74.15 71.05	2044 4000 3674 3600 3600 2000 2000 2000 2000 2000 2000
COTTO Dec Mar May Jul Oct Mar Mar Mar May Jul Oct Mar May Jul Mar May Jul May	9.54 2N 50,660; Close 55.39 55.65 55.01 55.05 56.05 56.75 2E FRICE 188.50 171.50 171.50 177.05 168.25 163.60	9:35 Centa/Re Previous 56.18 56.30 56.30 56.30 56.30 56.76 57.05 15.000 lbs; Previous 168.60 174.65 171.25 169.75	0 3.45 	0 9.45 55.36 55.80 56.80 50.01 0 95.50 0 174.20 174.20 171.00 168.75 168.15 166.00	Dec May Jul Sep Dec Live Co Peb Apr Jun Aug Sep Oct Live In	Close 419/2 418/2 418/2 400/6 352/0 380/0 372/0 380/0 73.90 73.90 74.40 71.90 70.65 2068 30,000 Close 41.27 43.96	Pravious 407/4 413/0 402/0 306/2 37/60 376/0 376/0 000 lbs; qer Previous 74.75 75.87 74.30 71.90 71.90 71.90 44.97 445.90 44.97	19gh/Low 41340 4234 4234 4234 37040 37340 38040 4455 74.55 74.15 71.05 80 1100401.00 42.00 44.75	2044 4200 3074 3074 3070 3074 3074 70.72 7
COTTO Dec Mar May Jul Oct Mar Mar Mar May Jul Oct Mar May Jul Mar May Jul May	9.54 2N 50,600; Ciose 55.39 55.65 55.05 56.01 56.05 56.75 2E JUICE Close 186.80 174.50 171.69 1770.95 168.50 1683.50	9:35 Centa/Re Previous 56.18 56.30 56.30 56.30 56.30 56.76 57.05 15.000 lbs; Previous 168.60 174.65 171.25 169.75	0 3.45 	0 9.45 55.36 55.80 56.80 50.01 0 95.50 0 174.20 174.20 171.00 168.75 168.15 166.00	Dec May July Sup Dec	Close 412/2 418/2 418/2 418/2 418/2 418/2 418/2 418/2 539/4 539/4 539/6 73.90 73.90 71.90 70.65 Close 41.97 44.96 42.95 48.95	Pravious 407/4 413/0 400/0 308/2 371/0 378/0 000 lbs; qer Previous 74.75 75.52 75.52 74.20 71.90 71.90 71.90 44.97 45.90 44.97 48.40 48.40	19gh/Low 41340 4234 4234 57040 37340 38040 4855 74.85 74.15 71.85 8 71.00 48.80 44.73 44.73 48.90	2044 4280 3574 3574 3574 3574 3576 74.27 74.27 74.27 74.27 74.27 44.69 46 46 46 46 46 46 46 46 46 46 46 46 46
Dec Mar May May Cot Dec ORAM ORAM ORAM May Jul May	9.54 2N 50,600; Close 55.39 55.65 55.05 56.07 56.05 56.75 2E JUICE 188.50 174.50 177.09 177.09 177.09 183.50 183.50	9:35 Centa/fee Previous 56.18 56.30 56.30 56.30 56.30 56.76 57.05 15.000 lbs: Previous 186.60 174.55 169.76 169.76 169.55 169.55 169.55	0 9.45 High/Lou 56.10 56.40 56.45 0 56.95 0 cente/libs High/Lou 186.30 175.80 177.295 177.295 177.50 0 0	0 9.45 55.36 55.60 56.80 58.80 0 36.50 0 184.50 174.20 171.00 188.75 186.00 0	Dec May July Sup Dec Dec Dec Peb Apr July Sup Oct LIVE IN Dec	Close 412/2 418/2 418/2 410/8 352/0 352/0 352/0 352/0 73.90 73.90 74.40 71.90 70.65 2066 30,000 Close 41.27 43.96 48.95 48.95 48.02	Pravious 407/4 413/0 402/0 306/2 37/60 376/0 376/0 000 lbs; qer Previous 74.75 75.87 74.30 71.90 71.90 71.90 44.97 445.90 44.97	19gh/Low 413/0 420/0 402/4 370/0 373/5 380/0 45/5 74.65 74.65 74.65 74.65 74.65 75.75 74.15 71.05	2044 4200 3074 3074 3070 3074 3074 70.72 7
Dec Mar May May Cot Dec ORAM ORAM ORAM May Jul May	9.54 2N 50,600; Close 55.39 55.65 55.05 56.07 56.05 56.75 2E FUICE 188.50 174.50 1770.95 168.25 163.50 163.50	9:35 Centa/fee Previous 50:18 50:39 50:30 50:30 50:30 50:30 50:30 15:500 lbs: 15:500 lbs: 174:55 171:35 169:76 169:76 169:55 169:55 169:55	0 9.45 High/Lou 56.10 56.40 56.45 0 56.95 0 cente/libs High/Lou 186.30 175.80 177.80 177.80 0 166.00 0 0	0 9.45 55.35 55.60 55.80 56.80 0 36.50 0 184.50 174.20 171.00 188.75 186.00 0	Dec May Jul Sop Dec	Close 412/2 418/2 418/2 418/2 418/2 418/2 418/2 418/2 372/0 380/4 372/0 380/7 73.90 71	Pravious 407/4 413/0 402/0 306/2 37/60 378/0 000 lbs; qer Previous 74.75 75.87 74.30 71.90 71.90 70.98 Re; cestig/d 44.97 48.50 48.50 48.50 48.50 45.90	19gh/Low 41340 42340 42344 37040 37340 38040 44555 74.65 74.65 74.75 74.16 71.65 8 71.65 8 71.65 44.76 44.80 44.78 48.80 48.80 48.80 48.80	2044 4280 3574 3574 3574 3574 3576 74.27 74.27 74.27 74.27 74.27 44.69 46 46 46 46 46 46 46 46 46 46 46 46 46
Dec Mar May May Cot Dec ORAM ORAM ORAM May Jul May	9.54 2N 50,600; Close 55.39 55.65 55.05 56.07 56.05 56.75 2E JUICE 188.50 174.50 177.09 177.09 177.09 183.50 183.50	9:35 Centa/fee Previous 50:18 50:39 50:30 50:30 50:30 50:30 50:30 15:500 lbs: 15:500 lbs: 174:55 171:35 169:76 169:76 169:55 169:55 169:55	0 9.45 High/Lou 56.10 56.40 56.45 0 56.95 0 cente/libs High/Lou 186.30 175.80 177.295 177.295 177.50 0 0	0 9.45 55.35 55.60 55.80 56.80 0 36.50 0 184.50 174.20 171.00 188.75 186.00 0	Dec May Jul 8ep Dec Dec Dec Tiec Reb Apr Jun Jun Jul Aug Cot Fab Apr Jun Jun Jun Jul Aug Cot Fab Apr Jun Jun Jun Jul Aug Cot Fab Apr Jun Jun Jun Jul Aug Cot Fab Apr Jun Jun Jul Aug Cot Fab Apr Jun Jun Jun Jul Aug Cot Fab Apr Jun	Close 412/2 418/2 418/2 418/2 418/2 418/2 418/2 372/0 380/0 372/0 380/0 713/0	Pravious 407/4 413/0 402/0 306/2 37/60 378/0 000 lbs; qer Previous 74.75 75.87 74.30 71.90 70.95 Re; certes/4 48.50 44.97 48.50 48.40 48.50 48.40	19gh/Low 41340 42340 4234 37070 37349 38070 105/bbs 16gh/Low 74.55 74.85 74.85 74.85 71.05 1888 18gh/Low 40.80 44.75 48.90 44.75 48.90 46.80	2044 4000 3074 3074 3007 3007 3004 70.70 70 70.70 70.70 70.70 70.70 70.70 70.70 70.70 70.70 70.70 70.7
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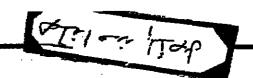
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At/STRU C-sdt. Action (50/12/84)	설	238.0	21,9,4	Z19.5	219.50 (21,7.0)	163.98 (11/2)
BELGHIA Grusses SE (1/1/00	5347.90	5337.31	5538,60	5332.20	5347.9026/100	3606.35(4/1)
DENMARK Copenhages SE CS/1/839	244.84	241.90	241.21	239.95	544.84 (59\)III)20049 (4/I)
Filit AMD Visitas General (1975)	7143	724,7	709.1	703.9	772.1 8/9	530.6 0.5(1)
FRANCE CAC Separat (11/12/82) Ind. Tentance(31/12/87)	391.3 151.5	388.5 151.0	387.5 150.0	389.1 149.9	391_305/10s 151_5 (25/10s	251.3 (29/1) 89.7 (29/1)
GERMANY FAZAktien (31/12/58) Commercianik (1/12/53) DAX (30/12/67)	537.73 1627.50 1310.63	530.94 1607.90 1293.72	530.13 1605.50 1281.22	534.31 1616.80 1299.72	538.27 (19/10) 1631.60(19/10) 1310.63 (26/10)	394, 40 (29/1) 1207.9 (29/1) 931.18 (28/1)
RONG KONG Hang Seng Bank (33/7/64)	2610.62	2584.53	2562.46	2581,69	2772-23 CLU	2223.56 (8/2)
ITALY Basca Cum, Ital. (1972)	584.85	582.44	590.84	590. 97	572.69 (20/10)	423.91 (9/2)
JAPAN** Plinket (16/5/49) Tokyo SE (Tapiz) (4/1/68)			27281.54 2111.24		28423.38 (5/8) 2253.10 (2/8)	21217.04 (4/1) 1690.44 (4/1)
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SPASI Madrid SE (90/12/85)	291.64	291.49	291.86	287.52	301.63 (25/6)	225.50 (N/D)
SWEDEN Jacobson & P. (51/12/56)	3233,20	321,7,0	3208.50	3194.12	3233.10 (26/10)	2149.5 (ND)
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WERLD N.S. Capital Sect. (2/1/70)		468.9	468.1	471.0	471.0 (21/10)	401.0 (21/1)

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Travelling

Dollar fall and economic indicators knock equities

Wall Street

THE DOLLAR'S fall yesterday put pressure on equities, after news of slower-than-expected economic growth during the third quarter and a worsening

in the US trade deficit, writes Janet Bush in New York. At 2pm, the Dow Jones Industrial Average stood 7.11 points lower at 2,166.25 on active volume by midsession of 115m shares. In the early going, stocks stood as much as 15 points lower in an immediate reaction to yesterday's gross national product data.

Currency traders reacted immediately to news of 22 per cent GNP growth in the third quarter, much lower than the consensus forecast of 3.2 per cent, and to the soft trade com-

The figures showed that the US trade deficit actually widened to \$95bn in the third quarter from \$93bn in the second quarter, confounding expecta-

The dollar fell sharply after the figures were released and was quoted at Y125.77 at the New York midsession compared with a peak of Y127.00 earlier and at DM1.7755 compared with an earlier high of DM1.7920.

The US currency had begun to look a little more stable in recent days but now looks highly vulnerable again.

Yesterday's figures met with a mixed reaction in the bond the slower growth figure than \$1% to \$45 on speculation that to some worrying data on the it may become a target after its inflation front.

The GNP implicit price deflator rose by an annual 4.4 per cent in the third quarter compared with 5.5 per cent in the previous three-month period while the fixed weight index rose 4.9 per cent after 5.0 per cent in the second quarter.
The main strong point of the GNP report was personal con-sumption spending, not particularly good news for those who had looked for a better balance of growth and slower growth

In spite of these negative considerations, the bond market was quoted as much as % point higher at midsession. With the dollar lower and

bonds higher, the equity market did not get much of a lead from other markets, but it fell

Since last Thursday, when the proposed buy-out of RJR Nabisco was announced and when the Dow bounced 43.92 points (partly in reaction to the fall on the first anniversary of the crash the previous day.) the market has gone absolutely nowhere in spite of a flurry of

The only heavy activity in the market has been confined to stocks involved in takeover situations and rumoured to be targeted, a lack of breadth which does not inspire much confidence.

Among rumoured takeover candidates yesterday was Sears, Roebuck which jumped

poor results announced on

Wickes gained \$1% to \$9% after receiving a \$11.25 a share takeover offer from Blackstone Capital Partners and Wass stein, Perella. This is below the \$12 offered by a management group but withdrawn earlier this month.

Delchamps slumped \$1% to \$22 after Great Atlantic & Pacific Tea Co withdrew its \$30 a share tender offer for the company and said that it would not press its \$32 a share cash merger proposal.

Sun Co dropped \$1% to \$54% after reporting net income in the third quarter of 67 cents a share from \$1.27 a year earlier. Kraft, which is fending off a \$90 a share offer from Philip Morris, dropped \$1% to \$97%. Bethlehem Steel added \$1% to 21% after announcing net operating income in its third

SLUGGISH gold bullion and oil prices kept the Toronto market flat at midsession in slow trading and the composite index lost 0.1 to 3,424.4 on volume of

quarter of \$1.22 a share

Varity, which said it had ended merger talks with Fruehauf, was up 15 cents at C\$3.40. Noranda, which said it was not talking to Minorco SA about buying Minorco's stake in Consolidated Gold Fields, was up

Johannesburg's fortunes hit by dullness of gold

Jim Jones finds that South African Indices the consolidation could continue until 1800 well into next year

rustration characterises the Johannesburg Stock Exchange at present: frustration at the hesitation in the gold price following its advance above \$400; frustration at the unwillingness of cashflush institutions to commit themselves to equities; and frustration at the Government's economic mis-manage-

Daily turnover has fallen to level, at which several stockbrokers are struggling to cover costs. And those figures may even overstate the real level of activity, as brokers are themselves jobbing in and out of the market for trading profits.

The market earlier this month managed a couple of weeks of trading in the R50m daily range as the herd instinct took hold of fund managers. But the buying spree was short-lived with brokers gloomily predicting no sustained recovery either in volumes or the indices for at least a year.

Stockbroker Mr Richard Stuart, of Martin & Co, is blunt. The market is still consolidating and won't enter a bull phase until investors believe interest rates have topped out and gold prices

have bottomed."

He believes neither is likely until well into next year. Interest rates have been artificially held back pending yesterday's municipal elections, while the dollar gold price is unlikely to rise while oil remains low and real returns are available on secure dollar investments. In rand terms, gold shares are down by a quarter on their

NATIONAL AND REGIONAL MARKETS

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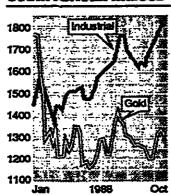
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levels at the start of the year. This week the JSE Actuaries all-gold index has been hobbling along just below 1,300, against 1,760 when this year's

trading began. Industrials have meanwhile responded to the better profits squeezed out of the recent consumer-led economic recovery, with the industrial index jump-

with the industrial index jumping by 25 per cent this year, to just over 1,800.

But strip out Rembrandt, the industrial group which dominates the index and which has risen sharply as it hived off its European interests, and the real rise in the index is estimated to be under 10 per cent. The economy is also showing some signs of fragility. Last

month, consumer goods com-panies enjoyed an early Christ-mas, as consumers scrambled to beat the increases in prices which were expected to follow August's tightening of hire purchase regulations and

import surcharges.
The splurge appears to be ending. This week Pep Stores, a nationwide clothing and non-durables retailer selling largely to lower income warned that the mar-

TUESDAY OCTOBER 25 1988.

ket's initial buoyancy has

turned down. On the stock exchange, the only shares to have held their own are those which are still perceived as rand bedges, prin-cipally minerals exporters, says broker Mr William Bowler, of Fergusson Brothers. There was a period in the summer when Johannesburg believed world demand for platinum, chrome, vanadium, manganese and diamonds could slacken rapidly. That mood has now changed. The present view is that

leading economies can sustain growth for longer than expec-ted after last October's crash and that this will enque met als prices and demand remain

This being Johannesburg, there have been some spectac-ular failures. Investors are still licking their wounds after this month's collapse of Lefkochrysos, a platinum venture floated with a fanfare just a year ago. Cost over-runs, mismanage-ment and diversion of funds to other mines managed by the Golden Dumps group pushed the developing mine into a

cash crisis.

It was saved by being taken over by Barplats, which is also developing a platinum mine but is backed by the financially sound Barlow Rand group, but investor sentiment towards the venture has not improved.

SOUTH AFRICA

YESTERDAY'S municipal elections curtailed trading in Johannesburg, but gold shares gained ground as the bullion price edged higher.

Among golds, Vaal Reefs gained RA to R267 and Southwell found P2 to P107. No.

vaal found R2 to R107. Dia-mond issue De Beers was 25 cents higher at R46.85 and industrials generally firmer.

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MONDAY OCTOBER 24 1988

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

US GNP figures take edge off broad gains

LEADING European bourses attracted renewed demand yes-terday, but the US GNP news acted as a late dampener, writes Our Markets Staff.

FRANKFURT rebounded to a new 1988 high in sharply improved volume of DM3.9bn, only to take a brief dive after the close on the lower-than-ex-pected US GNP figures which sent the dollar down steeply.

The day's gains were fuelled

by the steadiness of the dollar during the session and by broadly bullish sentiment about the market's prospects. Signals from the Bundesbank of an easing in money market

rates also helped. "It was one of those days where you couldn't really get it wrong," said an analyst. There was an awful lot of pleasant news."

in a strong car sector, Daim-ler climbed DM19 to DM764 on the day's most active trading worth DM379m amid further appreciation of its restructurng plans and talk of a presentation in Japan. BMW rose DM13 to DM542.50 after wide press coverage of its ninemonth figures. VW was also strong, gaining it is due to be traded as a sponsored ADR issue on the US over-the-counter market from today, which will give it a higher profile as an international stock.

Chemical BASF rose DM4.30 to DM286.40 after better-thanexpected sales figures from potash subsidiary Kali und Salz, BASF has also been in favour over speculation it will increase its dividend.

Banks shook off last week's worries about a retroactive tex on loan loss provisions, and Deutsche rose DMS to DMS44. The FAZ index gained 6.79 to 537.73 and the DAX index was up 16.91 at a new high of

upward climb in spite of a negstive reaction to packaging group Camand's merger with the packaging interests of MB Group of the UK. Carnaud suffered the day's

largest fall, losing FF126, or 5 per cent, to FF1490. There were fears that the complicated deal. which will cost Carnaud £240an cash, would massively dilute the company's shares, increase its already heavy gearing and

said one Paris analyst. The news nevertheless benefited CGIP, which will see its 44 per cent stake in Carnand cut to

25% per cent. The stock climbed FFr45 to a 1968 high of FFr1,350 in healthy volumes.

Tyre group Michelin said it could come to the rescue of car components maker Epeda, components maker Epeda, which heard yesterday that Valeo and Chargeurs were withdrawing their joint bid. Michelin rose FFr4.60 to FFr190.10, Chargeurs fell FFr12 to FFr1,2'd and Valeo, which will now proceed with its original bid, added FFr7 to FFr598. Chib Med had a very busy day, rising FFr27 to FFr545 with about 180,000 shares dealt. There were reports of demand.

with about 190,000 shares dean.
There were reports of demand
from the Far East and stories
of stakebuilding by Air France.
The OMF 58 index closed 1.15
higher at 406.42 and the CAC
General index was up 2.8 at
381.1. Volumes were estimated PARIS continued its steady at about FFrzbn in value.

MILAN recovered from Tues-day's drop in moderately active trading, with interest again strong in the telecommunications sector. The Comit index rose 2.41 to 584.85.

of the market, and not a ramp up as we saw in February and March," said one Italian specialist. "Speculators are taking profits but long-term buyers are coming in, which is excel-

Pirelli gained L4 to L8,020, rising to L3,040 after hours, on news of a 32 per cent rise in its first half group net profits. Oilvetti, which has won a \$11m. South Korean contract for workstations, added L82 to L9.970. Telecommunications stock Sip made further gains, up L53 at L3.270. AMSTERDAM SRW gains

pared by Wall Street's poor start and the fall in the dollar, but the CBS all-share index still closed 0.8 higher at 101.1 Philips, whose third quarter results come out today, added 30 cents to FI 31.30, and Unilever pushed up a further Fl 1.20 to FI 121.40. STOCKHOLM closed slightly

higher. The Affärsvärlden index climbed 1.2 to 945.5 in somewhat improved volume although many players held back before Finance Minister Kjell-Olof Feldt's automn eco-nomic forecast, which came

There was confirmation that hiotechnology company Fer-menta is to buy frasnce group independent for SKri 5bn Both

stocks are suspended.

MADRID was taken marginally lower with banks falling bank after recent strength. The general index eased 0.45 to 281.04, underplanted by gains in the construction sector.

Beneral Banks lost 44 reduces

Banco Popular lost 44 points to 1,832 per cent of par. One analyst said the March group, removed to be stakebuilding staying out of the market to dampen speculative demand. RECESTALS closed a lacking-tre session little changed, with tre session little changed, with the cash index adding 18.61 to

Vielle Montague, metals pro-Vielle Montague, metals pro-cessor. rose BFr500 to BFr10,600 in amusually high volume of 1,125 shares on expectations of good earnings this year. Tractabel, the energy and engineering group which climbed sharply on Tuesday, should BFr90 to BFr5320.

ELECTH size activity focus on the banking sector, with the Credit Suisse index adding 19

Nikkei rises sharply as volume reaches 2bn

Tokyo

INTEREST returned with fervour to the equity market yes-terday and share prices rose steeply on very high turnover, writes Michigo Nakamoto in

Tokyo.
The Nikkei average surged 199.11 to 27,620.50. Volume was significantly stronger at 2.01bn shares compared with 1.23bn

Advances outnumbered declines by 511 to 374. The Topix index of all listed stocks rose 10.02 to 2,130.80. In London Japanese shares rose, with the ISE/Nikkei 50 index closing up

7.55 at 1,741.77. "The market has a much better tone to it," said Mr Piers Higson Smith, assistant manager of the equity department trading team at S.G. Warburg Securities. The heavy turnover was particularly encouraging. Pension funds are said to be switching from bonds into equities and there has been talk of easing margin positions,

Interest was also very broad-based. Whereas previously it tended to be concentrated in steels, activity yesterday spread to a wide variety of

Steels, as the designated market leaders, remained the most heavily traded issues. Nippon Steel was the volume leader with 159.9m shares traded, and rose Y12 to Y824. Kawasaki Steel, which has been leading the market in its

recent recovery, had the sec-ond largest volume at 124.4m. It rose during the day to a new high of Y1,000, up Y20. Kawa-saki is the first of the five leading steelmakers to reach Y1,000, closing at Y995. The

Y1,000, closing at Y995. The company's strength stems from its restructuring efforts as well as its large property assets.

Shipbuilding stocks were also selected. Mitsubishi Heavy rose Y13 to Y998 in high volume and Mitsui Engineering and Shipbuilding added Y12 to Y711. Mitsubishi attracted attention in connection with the listing in December of Mitsu

attention in connection with the listing in December of Mit-subtishi Motor Company which belongs to the same group. Sumitomo Heavy Industries gained Y20 to Y925, with inves-tors interested in its planned leisure park and its research into the development of high-speed ships using super-conductivity.

Shipping companies rose on

BOLLAR ENDEX

91.16 83.72 99.14 107.06 111.42 106.78 72.77 67.78 84.90 104.60

62.99 133.61

97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77 113.26 100.00

119.85 114.83 92.44 109.57 119.38 118.20 118.02 109.73

97,52 94,48 106.61 99,36 109,44

86.17 83.91 92.34 117.67

81.27 130.05

95,23

90.29 95.22

their property assets and diver-sification into the leisure busi-ness. Mitsui O.S.K. Lines edvanced Y35 to a new high for the year of Y690.

Property assets and leisure businesses, two important themes in the market recently, were taken up again yesterday. Railway companies, which have extensive property hold-ings and fall into the lessure industry category, gained fur-ther ground. Keisel Electric Rallway rose Y60 to Y2,980.
Isuzu Motors rose to a new

high in afternoon trading of Y887, up Y98. Isuza has been attracting interest because of its property assets and plans to redevelop its head office in Tokyo. Another incentive to buy Isum was the recovery in its business, giving rise to expectations that the company will resume an annual divi-dend payment of Y5. Isuzu closed up Y65 at Y854.

issues that rose on the lei-sure theme included Marubeni,

the trading house, and Cosmo Oil. Marubeni advanced to a record high of Y730, up Y28, on the strength of its marine leisure business as well as its chartering of the QE2 ocean liner as a floating hotel. It closed Y16 better at Y718. Cosmo Oil rose Y81 to a new high of Y1,060. Cosmo Oil plans to build a leisure park on the site of the Yokohama plant of

its subsidiary, Asia Oil. Yokohama Rubber rose on the strength of its recent rapid price movements and because the company owns 800,000 shares in Mitsubishi Motor Co.

It closed up Y37 at Y962. Trading in Osaka gained momentum and share prices

Roundup

THE BEST performer in the Asia Pacific region was again Hong Kong, helped by corpo-rate activity. Singapore also picked up, but Australia

dull and Taiwan moved lower. HONG KONG was boosted by further developments in the ttle for Hongkong Shanghai Hotels, and the Hang Seng index climbed through the 2,600 level for the first time since mid-August, adding 26.00 to 2,610.62.

Hostile bidder Cathay Cay increased its offer to HK\$6.89 a share for Hongkong Shanghal share for mongacing the Hotels, after the hotel group's the Hotels, after the hotel group's main shareholder, the Kadoorie family, hid HR\$5.86 on Tuesday. Cathay City was quoted at HR\$1.50, against Tuesday's HK\$1.50, before heing suspended. The hotels stock remained suspended. There was also speculation that the Evergo Group might launch a bid for presently developer Hysan Development.

developer Hysan Development, one of the most active stocks. Hysan added 8 cents to HK\$1.12 and Rvergo per on 1 cent to 48% cents. TAIWAN saw certy gains but fell back as sellers moved

institutional demand and ber-gain handing with sentiment beined by gains in Tokyo and expectations of good news on the corporate frost. The Straits: Times industrial index added 6.53 to 1.943.22 Tarnover rose to 25.2m bers from Torsday's 17.7m.

in after two days of risis and the weighted index eased 18.90 to 5.861.05 in volatile trading

SINCAPORE saw selective

SIA foreign rose 30 casts to SE18.50 and SIA local added 39 cents to \$\$11.99 before the release of interim results, expected in the next few days. AUSTRALIA was little changed after a lackinstee ser sion which new some oversees hoserest and options related activity. The All Ordinaries

activity. The AH Officeres.
Index lost 5.8 to 1,582.1.
Concern thegered over the previous day's news of highes, inflation figures but turnous improved marginally it A\$155m worth of abareng against \$\$175m on Tuesday.

October 1988

This announcement appears as a matter of record only.



BANK OF MONTREAL SINGAPORE BRANCH

CAN\$75,000,000

103/4 Deposit Notes due 26th October 1990

Bank of Montreal Capital Markets Limited

Banque Bruxelles Lambert S.A. RBC Dominion Securities Inc. Union Bank of Switzerland (Securities) Limited

Crédit Lyonnais Generale Bank ScotiaMcLeod Inc. Wood Gundy Inc.

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147.73 95.02 128.47 125.68 144.77 124.98 106.10 85.06 106.00 141.36 82.89 168.71 139.78 156.18 120.02 88.14 119.9.16 135.76 111.50 101.81 79.18 106.29 133.46 82.52 135.23 144.00 96.25 135.58 112.09 96.25 136.51 118.68 78.30 114.70 4.17 2.44 4.210 2.22 1.49 3.234 4.76 2.33 4.89 6.22 4.52 3.04 2.43 4.52 3.04 2.15 3.47 124.91 80.34 108.62 108.62 108.57 71.92 89.67 71.92 89.52 70.08 142.65 118.18 118.26 92.73 102.47 92.15 127.11 109.11 70.33 114.71 97.37 125.31 80.88 108.79 106.30 122.40 105.54 87.61 72.03 88.84 120.15 71.19 142.00 118.00 118.00 99.33 103.57 92.24 92.04 61.89 99.33 103.57 92.55 109.42 70.52 114.77 97.45 120,49 88,65 119,88 109,05 135,78 110,98 101,44 79,07 105,30 133,99 83,65 134,48 144,45 106,06 113,02 96,29 134,61 118,67 78,27 118,67 78,27 114,77 115,19 152.31 98.18 139.89 128.91 144.77 139.53 156.59 111.86 144.25 177.27 154.17 180.07 110.66 84.35 177.27 110.66 84.35 177.27 140.66 141.28 141.28 141.28 141.28 167.85 140.45 156.81 106.80 73.16 117.41 122.20 109.02 150.78 129.34 83.36 135.67 133.61 107.83 90.07 95.23 64.42 98.55 97.99 98.26 130.73 96.92 74.13 120.66 99.19 130.05 115.50 248.28 99.28 90.44 128.94 98.97 134.46 131.65 121.19 108.98 150.34 129.04 83.18 135.67 115.16 84.78 118.29 94.99 100.87 133.33 120.26 114.81 92.43 109.60 119.77 113.48 172.26 147.53 116.07 98.59 128.27 146.49 132.70 133.22 115.54 95.21 139.79 121.98 97.84 82.96 105.33 121.15 111.65 112.03 97.20 95.37 139.18 121.69 97.91 83.18 105.27 120.87 111.49 111.89 97.30 100.90 132.64 3.82 0.77 1.73 3.45 2.94 4.33 1.80 2.08 2.33 3.63 97.01 101.01 127.39 116.88

+0.2 111.91 118.13 2.34 132.12 111.77 117.87 | 133.09 | 113.37 | 108.18 Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local). Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited. 1987 Latest prices were unavailable for this edition.

165.33 144.27 115.71

98.12 124.57 143.29

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